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**REPORT OF THE EXPERT MEETING ON THE
IMPACT OF THE REFORM PROCESS IN AGRICULTURE ON
LDCs AND NET FOOD-IMPORTING DEVELOPING COUNTRIES AND WAYS
TO ADDRESS THEIR CONCERNS IN MULTILATERAL TRADE NEGOTIATIONS**

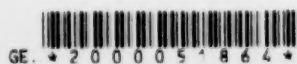
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I. OUTCOME OF THE EXPERT MEETING

1. Individual experts put forward their views on ways to address the concerns of LDCs and net food-importing developing countries (NFIDCs) in multilateral trade negotiations. The following list summarizes the suggestions of various experts. Not all of these views were shared by all experts; the list is intended to reflect the richness and diversity of the views expressed, rather than agreement.

1. Actions under the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Process on Least-developed Countries and Net Food-Importing Developing Countries (Marrakesh Decision)

- a. The Marrakesh Decision should be made more operational and aim at solving the long-term food security problems of LDCs and NFIDCs, rather than at short-term needs in terms of food aid.
- b. Special consideration should be given to possible effects on LDCs and NFIDCs of reductions or possible elimination of export subsidies, and effects of an internationally agreed discipline on export credits.
- c. The mechanism for injecting donated food into the domestic market should be targeted so as to avoid disruption of domestic production.
- d. The areas where technical assistance from multilateral and bilateral donors is desired include increasing agricultural productivity, infrastructure building, market information dissemination and export enhancement. Consideration should be given to the possibility of setting up a revolving fund for technical and financial assistance.
- e. Separate conventions could be negotiated on financial and technical assistance to strengthen agricultural development of LDCs and NFIDCs.

2. Negotiations on the continuation of the reform process in agriculture

Market access

- a. Existing tariff peaks, especially on actual or potential export products of LDCs and NFIDCs, should be eliminated.
- b. Tariff escalation should be eliminated with a view to enhancing product diversification to higher value-added products in LDCs and NFIDCs.
- c. With a view to reducing imbalances in the level of actual tariff barriers, reduction of the current bound rates of LDCs, NFIDCs and other developing countries should be conditional upon significant tariff cuts in developed countries. \

- d. Measures to assist small-scale developing country exporters to benefit from tariff rate quotas in major markets should be considered.
- e. Tariff-free and quota-free market access for exports of LDCs should be implemented by developed countries at the earliest possible date.
- f. Negotiations should identify ways, as indicated in the preamble to the Agreement on Agriculture, to improve market access for agricultural products of particular interest to developing countries.
- g. Negotiations should address the need for financial and technical assistance to developing countries, especially for meeting the costs of compliance with SPS measures and technical standards (e.g. costs to obtain certification, costs incurred from delays in authorization) in the international market.
- h. Preferential market access schemes for LDCs and NFIDCs, with respect to their product coverage in the agricultural sector and their operation, should be continued and improved.
- i. The Special Safeguard measures should be made available to all developing countries.

Export competition policies

- a. Export subsidies provided by developed countries should be eliminated.
- b. Export credits should be subject to internationally agreed rules to avoid circumvention of disciplines on export subsidies.
- c. LDCs and NFIDCs should enjoy flexibility to provide export subsidies in order to promote the exports of agricultural products with an export potential.

Domestic support

- a. Trade-distorting domestic support (AMS) in developed countries should be substantially reduced at an early stage so as to eliminate the imbalance in the use of such measures between developed countries and developing countries.
- b. Disciplines should be established to limit the extensive use of Green Box measures by developed countries, so as to achieve a level playing field.
- c. The Blue Box provision should be terminated.
- d. The *de minimis* limit for developing countries should be increased from the current 10 %.
- e. Article 13.b(ii) of the Agreement on Agriculture should be reviewed so as to increase flexibility in the use of the *de minimis* measures and to provide that inputs and investment subsidies available to low-income resource-poor farmers will be non-actionable.

- f. Development policy measures of LDCs, NFIDCs and other developing countries which target the viability of small-scale subsistence farmers, rural poverty alleviation, and product diversification are important elements to be included in a possible "Development Box".
- g. The elements to be included in the Development Box should take into account the need to strengthen vulnerable domestic producers and to improve their export competitiveness. Attention is drawn to the proposal made on the Development Box by 11 developing countries to the special sessions of the WTO Committee on Agriculture (G/AG/NG/W/13).

Special and differential (S&D) treatment

- a. LDCs and NFIDCs require flexibility to apply urgent measures to safeguard small farmers against import surges and unfair trade practices, particularly those affecting the production of key staples of domestic diet.
- b. Modalities for S&D treatment going beyond the current elements of the Agreement on Agriculture should be explored.
- c. S&D treatment should take account of specific situations of different groups of developing countries, such as small island developing countries and land-locked developing countries.

Non-trade concerns

- a. Rural development, poverty alleviation and food security of developing countries should be the main focus of negotiations on non-trade concerns.

3. Other issues

Coherence between Bretton Woods conditionality and the WTO commitments (Marrakesh Declaration on the Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking)

- a. Programmes of Bretton-Woods institutions should conform to WTO rules and obligations. LDCs and NFIDCs should not be required to accept market liberalization or subsidy reduction commitments exceeding the commitment levels accepted at the WTO, nor at a pace exceeding that in the WTO agreements, nor which exceed the capacity of adjustment of those countries.
- b. The WTO commitments should reflect the fact that many LDCs and NFIDCs have unilaterally liberalized their agricultural trade so much that they only have tariffs as effective trade policy measures.
- c. Credit should be accorded to developing countries for their autonomous liberalization.

Negotiations on accession to the WTO

- a. Specific conditions prevailing in the agricultural sectors of those countries acceding to the WTO should be taken into account in their accession negotiations.

4. Recommendations to UNCTAD and other international organizations

- a. Technical assistance from UNCTAD and other international organizations is required in analysing information on agricultural trade policies of other countries and to support developing countries, particularly LDCs and NFIDCs, in the current negotiations and in negotiations on accession.
- b. UNCTAD should play a key role in providing the statistical and analytical background needed to support developing countries in the negotiations. Specifically, UNCTAD, working with FAO and other international organizations, should: (i) document and quantify in as much detail as possible the domestic and export support measures and market access restrictions applied by developed countries to their agriculture at the sector and commodity levels, per country; and (ii) assess the impact of support measures and market access restrictions on the competitiveness of developing country exports and domestic products, at the commodity and country levels.
- c. UNCTAD should analyse the impact of the Agreement on Agriculture on LDCs, NFIDCs and small island developing countries in agricultural trade, and should develop a specific action plan and accompanying budget.
- d. UNCTAD should analyse ways to reduce the cost-disadvantages in agricultural trade (due particularly to the transport cost) faced by the land-locked countries.

II. SUMMARY OF SUBSTANTIVE DISCUSSIONS

1. Presentations by experts on country experiences

2. Individual experts made presentations, in their own capacity, on experiences with the impact of the reform process in agriculture on the following countries: Algeria, Barbados, Bhutan, Bolivia, Chad, Ethiopia, Guinea, Guyana, Lesotho, Madagascar, Malaysia, Mali, Mauritius, Sri Lanka, Sudan, Tanzania (United Republic of), Togo, Trinidad and Tobago, Venezuela, and Viet Nam.

Presentation on Algeria

3. Algeria started its macroeconomic reforms in the late 1980s in respect of monetary, price and external trade policies. Trade was liberalized, and monopolies, subventions and price guarantees (except for wheat) were eliminated through a structural adjustment programme. The results were mixed – the reforms led to a reduction of economic distortions but also to social and economic disequilibrium. Domestic production is now insufficient to meet consumption, and agricultural imports account for around 25% of total imports (sugar, coffee and tea being wholly imported). Domestic production covers only 35% of cereal consumption. Several programmes were adopted by the Government to reduce the negative short-term impacts of liberalization, having as their main objectives to: ensure food security; expand production; enhance productivity and encourage diversification of exports; avoid deforestation and desertification; and integrate the Algerian agricultural sector into the global economy. At the international level, the Marrakesh Decision remains very important to Algeria, but it should be noted that the Marrakesh Decision is aimed at dealing with a short-term problem, while food security is an issue that should be treated with a long-term perspective. With respect to accession to WTO, specific conditions in the agricultural sector faced by developing countries acceding to the WTO should be taken into account, as they often lack the capacity to fully comprehend the implications of the multilateral agreements for their economies. It would be essential for Algeria, for instance, to maintain a certain level of tariffs to ensure the success of its agricultural and rural development programmes. Conformity with the 10% *de minimis* limit on domestic support would not present a problem in the near future, but Algeria's commitments should take into account the development programme under way which should be covered by special and differential treatment and the Green Box provision. Negotiations on the continuation of the reform process should concentrate on: special and differential treatment; an improvement in market access for products in which developing countries have comparative advantages; more effective assistance to reap the benefits of investment; and technical and financial assistance from international organizations for national development programmes. The multilateral trading system should increase the room for maneuver of developing countries.

Presentation on Barbados

4. In addition to being classified as a small island developing state, Barbados is a net food-importing developing country (NFIDC) and as such suffers specific handicaps due to its small size, limited internal markets and limited natural resources, as well as its vulnerability

to natural disasters due to its location. Approximately 74% of all food consumed in Barbados is sourced through imports, amounting to US\$ 320 per person per annum. The ratio of the value of Barbados' imports to its exports deteriorated from 3.18/1 in 1990-1994 to 3.44/1 in 1995-1998. Many of the gains in the export of food products during the period 1994-1999 were realized from exports to the Caribbean Common Market (CARICOM) countries within the context of the CARICOM trade agreement. Barbados continues to adopt a liberal trade policy based primarily on tariffs and the operation of a licensing regime for sensitive agricultural commodities. Apart from the licensing regime for these commodities, which have been tariffed and are now subject to bound rates, no other non-tariff barriers to trade are in effect. The impact of export subsidies on the agricultural sector in Barbados is mixed. On the one hand, export subsidies do contribute to lowering world market prices for commodities, which is positive from the perspective of food imports that do not compete with domestic products. On the other hand, since Barbados is an exporter of sugar under the ACP/EU Sugar Protocol, reduction of export subsidies would impact negatively on the price received for sugar, which will impact significantly on foreign exchange earnings and in turn on food security. Growth in earnings from sugar exports in Barbados between 1994 and 1998 lagged behind other Latin American and Caribbean countries. Barbados recorded average growth of export earnings from sugar of 2.2%, compared to an overall 131.1% increase cited by the WTO secretariat (G/AG/NG/S/6). Other examples of the negative impact of the reform process on the agricultural sector include the case of poultry products, whose imports increased by more than 200% in 1998/1999 from the pre-Uruguay Round period. If current patterns persist, importation levels will amount to over 50% of local consumption by the end of the year. A detailed analysis of the impact of the Agreement on NFIDCs in general, but especially the small developing States within this grouping, will have to be undertaken, as there would be peculiarities in these States that need to be taken into account in the ongoing negotiations.

Presentation on Bhutan

5. Bhutan, as an LDC and a small land-locked country with a rugged geographical terrain, has had tremendous limitations on its agricultural development. Although only 8% of its total land area can be used for agricultural production, about 85% of Bhutan's population derive their living from agriculture. Bhutan's agricultural sector consists of farming, animal husbandry and forestry, and accounts for about 38% of its GDP. Food imports are mainly to feed the urban population, and almost 100% of the imported food grains and dairy products are from India, with very negligible quantities of processed food from Thailand and Bangladesh. With respect to Bhutan's imports of agricultural and livestock products (which are insignificant at present), tariff ranges are from 0 to 30% for all agricultural products, and up to 50 to 100% for beer, alcoholic beverages and spirits and for tobacco products. For environmental reasons, the slash and burn cultivation system is discouraged, and the Government encourages the growth of more cash crops like potatoes, apples, oranges, etc. In the high altitude areas, where people used to grow buckwheat and wheat, they are now growing potatoes for sale, and it is likely that traditional cereals like buckwheat and millet will be replaced permanently by imported rice in future. Owing to population growth and importation of workers for major development projects, Bhutan will no doubt continue to be dependent on food imports in future. On the export side, due to seasonal differences, Bhutan

is able to export its surplus agricultural products profitably to India, particularly the vegetables and fruit crops produced during the off-season in India. Almost all exports of those products to India are effected through the auction system operated by the Food Corporation of Bhutan (FCB) in the border areas, except for processed foods and fruits. Trade in agricultural and livestock products between Bhutan and India are duty-free under a special bilateral trade agreement between the two countries. Some years ago, Bangladesh opened its market to Bhutanese fresh fruits and processed fruit products, and Bhutan enjoys a 50% duty concession from Bangladesh on these products. Bhutan, as a land-locked country, faces a problem of high costs of domestic production and transport, as well as difficulties in access to foreign markets due to low volume and quality standards. Bhutan's usage of chemical fertilizer in agricultural production is very low, and it has a high potential for organic farming for the export market. For this, Bhutan would need some technical assistance as regards certification procedures.

Presentation on Bolivia

6. Bolivia uses only one quarter of its agricultural potential as a result of both external and internal factors. In 1996 a new regulatory framework was introduced with the aim of enhancing the use of agricultural potential and alleviating poverty while preserving the environment. This involved new laws on land, forests, water and the environment. As land constituted the only capital for indigenous peasants, their access to public land was central to the effort to reduce extreme rural poverty. The policy of Bolivia aimed at increasing agricultural productivity rather than bringing new land into production, which could have negative environmental implications. Bolivia's wheat production declined to negligible levels in the early 1990s as a result of competition from food aid shipments. A new policy introduced in 1992 among the major donors, the agricultural producers and the flour mills to maintain prices provoked a spectacular increase in land planted with wheat, from 3,500 hectares in 1994 to 112,000 hectares in 1997. The certified seed production policy had also been a success - seed production rose from 764 tons in 1981 to 43,155 tons in 1998 as a result of public and private sector cooperation, including research and transfer of technology. Soybean and oilseed production also increased dramatically, accounting for 10% of total exports. Bolivia eliminated its development banks at the beginning of the last decade, and no subsidized credit is available to producers. Micro-credit for small farmers is now provided by NGOs. The main problem facing small farmers has been unfair competition from food aid and subsidized exports. Bolivia considers that the negotiations in the WTO should eliminate such unfair practices, since they create dependency and condemn the net food importers to remain in that category. Market access should be improved by attacking subsidies and high tariffs, as well as problems arising from sanitary and environmental regulations and standards. The concept of multifunctionality could lead to increased protection. If non-trade concerns are to be addressed in the ongoing negotiations, the focus should be on poverty reduction.

Presentation on Chad

7. As in a number of other countries in the region, there is a sentiment in Chad that the Uruguay Round Agreements will impose new constraints on the country, in addition to those

experienced under the structural adjustment programme. One of the major concerns of Chad with respect to the possible consequences of the Uruguay Round has been a rise in agricultural prices. Being a small actor in the international market, international price fluctuations would have a large impact upon the country. As a net food-importing country, a rise in prices of foodstuffs is a legitimate concern. Chad hopes that developed countries and financial institutions will agree to contribute to the creation of a special fund aimed at helping LDCs to combat the negative impact of higher food import bills and to increase their local food production. It should be noted that the reduction of subsidized exports from Europe, and subsequent rises in agricultural prices, may also allow agricultural products of Chad to become more competitive in sectors such as meat and sugar, which could lead to an increase in exports to neighbouring countries (Nigeria, Cameroon, Central African Republic, Congo, Democratic Republic of the Congo and Gabon). Hence, the elimination or reduction of export subsidies in Europe could, on the one hand, raise concerns of higher prices of food imports and, on the other, increase the competitiveness of Chad's agricultural exports *vis-à-vis* exports from Europe.

Presentation on Ethiopia

8. The agricultural sector in Ethiopia accounts for about 60% of GDP, 85% of total employment, and 90% of the country's foreign exchange earnings, of which coffee alone accounts for 60%. Cereals are the most important food crops, occupying 76 % of the total cropped area. The farming system in Ethiopia falls under three major categories: smallholder mixed farming, pastoral/agropastoral farming, and commercial farming. Ethiopia's livestock population is the largest in Africa and the tenth largest in the world. The livestock subsector contributes an estimated 15% of GDP and 33% of agricultural GDP. The contribution of hides and skins to total export value is considerable. Despite the high resource base and suitable conditions for agricultural production, overall productivity is low. Although agricultural production (crop and livestock) grew by 3.87 % per annum during the period 1990/1991 to 1997/1998, it is still inadequate compared to the average annual population growth of 3%. Production levels also fluctuate with rainfall patterns. Moreover, the increase in output was largely due to an expansion in the area under cultivation, rather than yield improvement. The principle production constraints faced by Ethiopia include the following: scarce water resources; uncontrolled deforestation; unsystematic farming; poor managerial skills, and insufficient impact of research and extension programmes on land and labour productivity. The Government introduced a new economic policy (NEP) in 1991 which embraces free market and private initiatives. It has also taken measures to develop policies and strategies that would coherently address and strengthen the efforts to ensure food security, increase exports of products in which Ethiopia has a potential comparative advantage, upgrade production techniques, and stabilize prices through targeted market intervention. The central component of this policy in the agricultural sector revolves around the Agricultural Development Led Industrialization (ADLI) strategy. While focusing on smallholders, the strategy also encourages the growth of both extensive mechanized farms and intensive commercial agriculture. In order to support the growth of the new and fragile domestic market, the Government has envisaged stabilizing prices and food supply through targeted market interventions such as establishment of emergency food security reserves and buffer stock schemes. As for the issues for the ongoing agricultural negotiations, the

following points should be given sufficient consideration: (i) food security is a fundamental human rights issue; it should therefore be acknowledged as such, especially by developed countries, and Governments should be allowed to implement national food security plans; (ii) LDCs should arrive at a common position to defend food security as a non-trade issue; (iii) tariff peaks resulting from tariffication should be eliminated; and (iv) LDCs should retain the right to use subsidies to improve their competitiveness. The Marrakesh Decision on measures concerning the possible negative effects of the reform programme for LDCs and NFIDCs should be made more effective and enforceable.

Presentation on Guinea

9. Since 1986, Guinea, a least developed country, has adopted new development policy based on the economic liberalization and privatization of productive and commercial activities. The rural sector and agricultural development have been at the core of these institutional and structural reforms. In 1991, the Government elaborated the first Agricultural Development Policy (LPDA - *Lettre de politique de développement agricole*) aiming at food security, export promotion and preservation of the production base. In 1997, the second LPDA was initiated within the framework of the medium- to long-term development strategy named "Guinea Vision 2010". In conjunction with those reform measures, Guinea became a member of the WTO in October 1995. The effect of market liberalization since 1991 had, in some instances, led to a substantial increase in food imports. The lowering of the tariff on rice from 27% to 22.5% in 1992, for instance, was followed by a strong increase in rice imports from 1992 (182,160 tonnes) to 1995 (290,750 tonnes). Guinea also dismantled quantitative restrictions against a large number of imports, though certain measures are maintained for the protection of health, security and moral order. The domestic production of rice, potatoes and onions faces competition with subsidized exports of those products from other countries. The price gap between the locally produced rice and imported rice fell from 136 FG/kg in 1993 to 131 FG/kg in 1997. The ratio of imported rice to local consumption remains at 39%. Given this high dependence on imports, the price fluctuations affecting imported rice (mainly from Asia) in the last six years have initiated an increase in the consumption of manioc and maize as substitutes for rice. With respect to agricultural exports, the reduction in tariff barriers and non-tariff barriers, as well as the continuation of preferential market access of which Guinea is a beneficiary, encouraged agricultural exports from Guinea. Looking at year-to-year growth of agricultural exports between 1998/1999 and 1999/2000, export quantities of pineapples, melons and water melons more than doubled. Exports of cotton and coffee also showed significant growth. The principal destinations of exports are the European Union and Maghreb countries. There is a channel of commercial information for determining the needs for Guinea's products in major importing countries, supported by both the public and the private sectors. The current major objective in the agricultural sector is the horizontal and vertical diversification of export products. Guinea seeks to receive technical assistance from international organizations primarily in the following fields: increasing productivity of family farmers; organizing the production and distribution of agricultural inputs; and introducing measures against plant disease affecting potatoes and citrus fruits.

Presentation on Guyana

10. Guyana's agricultural sector is dominated by sugar (cane) and rice production, together comprising more than 50% of total agricultural output. Exports of both sugar and rice depend on preferential marketing arrangement in Europe. Following the liberalization of the economy in the early 1990s, there was a surge in imports, particularly of dairy products and of wheat and cereal preparations. The impact of adjustments in agricultural support budgets of developed countries will be felt increasingly by Guyana's agricultural sector. This is particularly so in the case of sugar, which is exported primarily to the EU (accounting for 90% of total sugar exports) under preferential agreements. For rice, the impact of limited access to markets is already being felt in Guyana's traditional Caribbean markets, due in large measure to government-supported competition from the United States. Most of the rice entering the Jamaican market has been coming under the US non-donation food-aid programme (PL480), and is thus not subject to import tariffs. The impact of food aid on the competitiveness of developing country production should therefore be studied carefully. The poultry industry represents a case of an industry which has come under significant pressure from imports. Since the opening up of the economy, domestic producers have faced stiff competition from US poultry imports, consisting of frozen leg quarters. US poultry exporters enjoy considerable levels of export subsidies and export credits from their Government. The domestic market for most other products (mainly tropical fruit and vegetables) has not been significantly affected either by trade liberalization or by WTO reforms. The developments in 1998-1999 were more in line with the long-term declining trend in agricultural commodity prices. Moreover, it seems much clearer that the continued use of agricultural subsidies by developed countries is having an added depressing effect on world prices. In this respect, developing countries such as Guyana have an overriding interest in the existence of an international trading system that is as open and transparent as possible. In the WTO agriculture negotiations, therefore, strategies aimed at achieving swift and sharp cuts in government support measures will have to be worked out by developing countries with the ultimate aim of achieving world prices that are remunerative and sustainable. There is an understanding that the WTO process should deal specifically with commodities that are of export interest to developing countries, which would require an in-depth analysis of commodity-specific issues. UNCTAD, in conjunction with FAO and other international organizations, is encouraged to conduct a quantitative assessment of the levels of support and market access restrictions maintained by developed countries, and the economic effects that such measures are having on developing countries, at the commodity and country levels. On the issue of sanitary and phytosanitary measures (SPS), the position of some WTO members is that the SPS Agreement should not be open to negotiation. This should be of concern to developing countries, since the SPS Agreement, as structured, leaves too much room for non-transparent procedures.

Presentation on Lesotho

11. Lesotho is a least developed country. The share of the agricultural sector in GDP declined from 60% in the early 1960s to around 13% in the late 1990s. However, 80% of the population live in rural areas, and more than 70% of the rural population are small-scale *agricultural producers*. Agriculture thus remains a key source of employment. Since the mid-1990s, Lesotho has adopted a two-tier strategy of privatization of state enterprises and

outsourcing of support services, and agricultural market liberalization. The primary objectives of introducing market reforms were to improve food security through access to cheaper food and ensure more effective resource allocation within the sector by unlocking resources from the production of less profitable crops in favour of high-value crops, thus diversifying output and increasing the export base. Liberalization has increased access to cheaper food grains, which, however, has encouraged imports, leading to an increase in food import bills. No significant progress has been made in terms of diversifying agricultural output to expand the export base. This indicates that market reform alone cannot significantly induce efficient resource allocation, unless it is accompanied by, *inter alia*, an improvement in local producers' access to productive resources and information and in the infrastructure. External factors have also affected the agricultural sector of Lesotho. The bilateral trade agreement between the EU and South Africa, both of which are major export markets for Lesotho, eroded Lesotho's preferential margins under the Lomé Convention (e.g. for asparagus). Lesotho is a member of the Southern African Customs Union (SACU), and the tax revenue collected from trade with other SACU members accounts for 50% of the country's fiscal revenue. Erosion in preferential margins would thus have a negative impact on government revenue. Among other effects, the eroded preferential margins may also have had a negative impact on the privatization programme, so that it is now difficult to attract foreign direct investment by strategic investors for enterprises earmarked for privatization, as was the case with the asparagus canning enterprise after South Africa obtained free market access to the EU for asparagus. Technical and financial support for LDCs such as Lesotho is essential to enable them to expand production of exportable commodities. Specific areas of support may include: provision of incentives to multinational corporations for investment and formation of joint ventures in LDCs; training in the operationalization of the Agreement on Agriculture; and improvement of marketing information flow and exchange.

Presentation on Madagascar

12. Madagascar is a least developed country member of the WTO. During the period of the implementation of the Agreement on Agriculture, there has been a slow-down in the dynamics of grain markets (e.g. rice and maize), accompanied by diminishing stocks and reductions in revenues. The food import bill in LDCs and NFIDCs has increased, presumably due to a fall in food aid volumes and subsidized exports. The interests of developed countries diverge from those of developing countries, including LDCs. Developing countries must therefore request minimum protection and guarantee measures to ensure that: the vulnerability specific to developing countries is fully taken into account; disguised subsidies under the EU Common Agricultural Policy are eliminated; products strategic to developing countries (i.e. vanilla for Madagascar) are protected; indemnities, compensatory facilities, quotas and dumping systems are eliminated; and domestic support provided in rich countries is reduced. Madagascar cannot afford to provide export subsidies or domestic support. The export products of Madagascar, such as vanilla, coffee, girofle and cacao, are also affected by non-tariff measures such as SPS measures and TBT implemented by importing countries. The reality of the present globalization wave is not consistent with theoretical liberal free-market principles and in fact favours rich countries at the expense of poorer countries. In order to obtain real benefits from the Uruguay Round reform process in agriculture, the following issues should be further examined: market access (contingent administration, reduction of

tariff escalation, duty-free access for exports of LDCs); domestic support (maintenance of special and differential treatment for LDCs); export competition (elimination of export subsidies); technical and financial assistance for developing countries; and flexible protection measures targeted at key sensitive products (such as rice, cotton, vanilla, coffee and girofle for Madagascar). Finally, regional trade agreements, such as the Southern African Development Community (SADC) and the Common Market of Eastern and Southern Africa (COMESA), of which Madagascar is a member, should support the development of the external trade of Madagascar.

Presentation on Malaysia

12. Although it is generally understood that liberalization of agricultural trade will increase food prices, non-participation in liberalization would only result in greater losses. Malaysia implements a liberal trade regime in sectors including the agricultural sector. The simple average tariff in 1993 was 14%, and it was even lower for agricultural products (10.4%). Except for rice imported from outside the ASEAN countries, most food imports enter Malaysia duty-free. The effects of trade liberalization as a result of the Uruguay Round are evident in the poultry sector. Previously protected by an import ban, domestic producers are faced with sharp competition from Thailand. As a result it is expected that large-scale and vertically integrated domestic producers will eventually improve their competitiveness and consumers will benefit from lower prices. However, possible increases in food prices stemming from the Uruguay Round agricultural reform process are a major concern of Malaysia, which is a net importer of wheat, maize, rice, sugar and beef, among others. The balance-of-trade effect of the reform process on Malaysia will thus depend on whether the growth in exports of palm oil and other export commodities exceeds the increase in food import bills. Malaysia is also concerned about the increasing introduction of non-trade-related issues, such as the environment and animal welfare, into negotiations on agricultural trade liberalization. Those issues should not be used by developed countries in a manner which would deter developing countries' efforts to increase their comparative advantages in agricultural production. In parallel, attention should be paid to the trend towards the emergence of monopolies as a result of trade liberalization. The agricultural sector in Malaysian has been heavily affected by the recent financial crisis. Between 1996 and 1998, agricultural output declined by 0.2 % compared to a targeted growth of 2.4 %. Other negative effects include the loss of value of plantation stocks, a decline in loans and funds for agricultural investment among others, and higher import prices resulting from depreciation of the Malaysian Ringgit. The Malaysian Government is initiating a package of market-based strategies, but the primary concern of the Government is how to carry on with liberalization without deviating from national development objectives. Given that the most severely affected subsectors (rice and tobacco) mainly consist of poor small-scale producers, withdrawing support from those subsectors would result in outcomes in contradiction with Malaysia's social development policy objectives. With a view to supporting the most affected subsectors, there would be three options that are consistent with WTO disciplines: the movement of producers into other areas/sectors; the introduction of an income support programme; and the utilization of other 'Green Box' measures. While all options pose problems, option three or a combination of options two and three seem more feasible.

Presentation on Mali

13. Mali is a sub-Saharan least developed country with 44 million hectares of cultivable land. Agriculture and breeding constitute the main activities in the rural areas of Mali. Food production is dominated by the production of cereals, mainly for subsistence purposes. Mali, like other sub-Saharan LDCs, has been engaged in structural adjustment programmes. In the 1980s, the goal of these programmes was to help the country to emerge from economic and social crises. Macroeconomic and sectoral programmes were used, including a programme for agriculture (PASA). All these programmes aimed at increasing productivity and the development of exports. The country has been continuing its structural adjustment efforts since 1992, the principal objectives being to: promote and diversify agricultural production; increase food security; and improve the use of natural resources. As a result, the agricultural sector has expanded, mainly in the subsectors of cereals and cotton. All in all, the agricultural sector has contributed positively to the recent economic performance of Mali, and it has accounted for 40-45% of GDP since 1992. Breeding has also increased. In the case of cereals and cotton, the improvement can be explained by weather conditions and the expansion of the surface used for production. For rice, an additional factor has been higher yields. These changes took place thanks to the PASA. In short, SAPs have had a positive impact on the economy, while they have also had some perverse effects owing to the withdrawal of the State from certain support activities, such as subsidization and supply of inputs, including credit, when the private sector was not ready to take them over. Agriculture in Mali is dependent on weather conditions. Despite the recent increase in agricultural production, Mali remains a net food-importing country. No domestic subsidies or internal support have been provided to the agricultural sector. The Uruguay Round has had no incidence on export opportunities, which continue to be based mainly on natural comparative advantage. Mali remains more vulnerable to changes in the prices of raw materials and to fluctuations in exchange rates than to the changes stemming from multilateral trade liberalization. In conclusion, Mali will have to diversify its exports and gain access to new markets. However, to fight marginalization in the global market, competitiveness needs to be combined with development aid.

Presentation on Mauritius

14. With respect to agricultural products and its schedule on market access, Mauritius, a net food-importing developing country, has committed ceiling bindings in respect of its bound rate of duty at 37%, 82% and 122%. Thirty-two tariff lines have been included in the list. The main features of the bindings are as follow: (i) ceiling binding 37 %: bovine meat, milk and dairy products, potato seed and ware and onions, peas, oranges, wheat, maize and rice; (ii) ceiling binding 82 %: coconuts, bananas, tea, and preserved tomatoes; (iii) ceiling binding 122 %: poultry and poultry products, cut flowers and sugar. Applied rates on all of these products are considerably lower or duty-free. Given the difference in bound and applied tariffs, there has been no change in import flows as a result of the Uruguay Round commitments. Increases in imports have been brought about by changes in consumer patterns and, more particularly, the significant increase in tourist arrivals. Apart from some fresh vegetables, tropical fruits, poultry and poultry products, Mauritius has been compelled to import the totality or near totality of its cereals, edible oil, meat, dairy products, temperate

fruit and processed food products. The food import bills in 1994-1998 show a net increase. The index of the food import bill, with 1994 as the base year (i.e. 1994 = 100), increased constantly to 162 in 1998. Imports of foodstuffs are undertaken by public and private operators. The State Trading Corporation is mainly concerned with the import of certain cereals which it acquires through public tenders. The private sector comprises mainly local companies, some being in partnership with foreign companies. With respect to the effect of multilateral tariff liberalization and the provision of the Uruguay Round market access opportunities (tariff rate quotas), in the case of Mauritius, and most of the Lomé (now Cotonou) Agreement signatories, this has resulted in an erosion of preference margins in respect of several off-season products and inability to make use of the new export opportunities on account of, *inter alia*, remoteness and low cost competitiveness due to the absence of economies of scale. Extending the scope of preferential market access to all LDCs would have been a welcome decision. However, this is not possible, as certain major exporters of agricultural products from both the developed and the developing countries have taken a resolute and inflexible approach in opposition to the requests of the vulnerable developing countries and LDCs. With respect to other areas of the Uruguay Round commitments, Mauritius provides no AMS or export subsidies. Mauritius agrees with the UNCTAD secretariat background paper (TD/B/COM.1/EM.11/2), which indicates that an estimation of "the precise impact of the Agreements on Agriculture, which is subject to a mixture of exogenous variables, would be technically feasible after only a few years of implementation". In this respect, Mauritius believes that the analysis of the results of the Uruguay Round as provided for in paragraphs (a) and (b) of Article 20 should be expedited. This analysis would be useful in reaching a collective understanding on the impact of the reform process in agriculture on LDCs and NFIDCs.

Presentation on Sri Lanka

15. The historical thrust in the food crop sector of the traditionally dualistic agricultural economy of Sri Lanka was towards self sufficiency. The food sector was still protected up to the early 1990s, but it has been rapidly liberalized since 1994. In the domain of tariff-only policies, Sri Lanka complies with the Uruguay Round requirements, having bound tariffs for most commodities at 50%. Tariffs on most agricultural goods are now 35%. Sri Lanka's experience with tariff rate quotas and Special Safeguard (SSG) Measures is virtually non-existent. Preferential trade relations are limited to SAPTA countries. Access to OECD markets for non-traditional agricultural exports is now being made very difficult due to high product-quality standards and SPS and packaging requirements in those markets, and also due to tariff escalation. Domestic support measures are concentrated in the category of Green Box measures. Most export taxes have been abolished and export subsidies were never in existence. Sri Lanka's traditional agricultural exports are tea, rubber, coconut and spices. They surged in the 1995-1997 period, and so did imports (most of them constituted by food), albeit at a slower pace. These developments, at least temporarily, reversed a negative trend in net agricultural exports, which had been declining and even became negative in 1993 and 1994. Sri Lanka's total food imports account for almost 90% of all agricultural imports, while food products account for less than 20% of agricultural exports. Food imports have grown steadily, from roughly US\$ 300 million in 1985 to more than double in 1998. The average value of food imports in 1995-1998, at US\$ 609 million, was 42% higher than in 1990-1994.

Food exports were more or less stagnant during most of the 1985-1994 period, but the average value of exports in 1995-1998 was 58 % higher than in 1990-1994. The recent improvement in agricultural trade is not attributable to the Uruguay Round for the following reasons: market access for most agricultural exports from Sri Lanka was already liberal prior to the Uruguay Round; and Sri Lanka exports largely to the Gulf countries, most of which are not WTO members. Positive market-opening effects of the Uruguay Round so far appear to be confined to non-traditional exports, and the growth of these has been modest. Although hard statistical evidence is not yet available due to the shortness of the time that has elapsed since the reforms, eliminating non-tariff barriers and fixing applied tariff rates at 35% on all agricultural commodities led both to a surge in food imports and to a reduction in domestic production of certain food crops in recent years.

Presentation on Sudan

16. Agriculture is the major economic sector in Sudan. Among the main problems that exist, farmers face difficulties in marketing their export products, agricultural products are heavily taxed, causing increasing costs and low competitiveness, the level of agricultural technology is low, while information about international markets concerning SPS and TBT requirements, market access and prices is scarce. However, Sudan is self-sufficient in food, and even has some surpluses to export, e.g. sorghum, meat, vegetables and mango. Like other LDCs, Sudan, for the time being, is far from benefiting from the liberalization process. In this respect, technical and financial assistance is needed in order to develop and expand Sudan's agricultural sector. Specific requirements include: (i) a timetable for technical and financial assistance provided by developed nations to LDCs to join WTO; (ii) more serious commitments by developed countries to open their markets to the LDCs' products, without using SPS and TBT agreements as new barriers to trade; (iii) transparency; and (iv) further reductions in domestic and export subsidies in the developed nations to make competition in the international market fair.

Presentation on Tanzania (United Republic of)

17. Like many LDCs, the United Republic of Tanzania depends largely on agriculture. Since the mid-1980s, the Tanzanian economy has undergone gradual but fundamental transformation that has redefined the role of the Government and the private sector in, *inter alia*, direct production, processing and marketing activities. However, the agricultural sector has failed to become an engine of growth, and has been disappointing in its role in poverty reduction and food security improvement. A number of constraints such as low investment, poor rural infrastructure, limited capital and access to financial services, and inadequate supporting services, including a weak and inappropriate legal framework, land tenure and taxation policy, have prevented the agricultural sector from performing well. The liberalization process has activated the private sector in agricultural trade, and farmers were enabled to sell their products at the farm gate for cash, without the interference of any crop board. However, farmers often suffer from a lack of bargaining power, which they had enjoyed before as members of the now-defunct cooperative societies. The lack of market information and of sound storage facilities for stocking the harvest, as well as the *de facto* ban on cross-border trade of food crops, are among the most serious obstacles to the

performance of farmers in this sector. With regard to the impact of the multilateral trading system on the United Republic of Tanzania, the Uruguay Round has had no or little beneficial effects in terms of market access, largely because the country is an insignificant producer from a global point of view. Reductions in export subsidies by developed countries have not been enough to increase Tanzania's exports of products where it has a comparative advantage. Other factors hindering increases in Tanzania's exports include the persistence of tariff peaks, tariff escalation and non-tariff barriers (e.g. SPS regulations) in major importers of Tanzania's products. The United Republic of Tanzania requires measures to overcome the constraints stemming from: the small domestic capital base for investment, the lack of trade, finance and working capital, the inadequacy of market information flows, the lack of commercially oriented extension services, poor technology and product quality, inadequate measurement, standards testing and quality systems, and limited knowledge of regional and international markets, among other problems. In addition, the country needs technical assistance to develop sanitary policies and legislation. With regard to future negotiations, the main concerns of the United Republic of Tanzania relate to the possible rise in food prices and therefore an increase in the food import bill, the potential for erosion in concessions and preferences for agricultural products, and tariff escalation in respect of processed products. Issues of development must be addressed decisively.

Presentation on Togo

18. Togo, a least developed country in West Africa, became a member of the GATT in 1964 and is one of the original members of the WTO. As part of its Uruguay Round concessions, Togo set a maximum ceiling tariff rate of 80%, which incorporated the fiscal tax, statistical tax and other tax and charges previously levied on imports. Economic and trade liberalization had, however, already taken place in the 1980s and continued throughout the 1990s. The general objectives of government policies in the agricultural sector include: ensuring food self-sufficiency and food security; increasing agricultural exports and non-traditional tradable products; and improving the income and the living standard of the rural population. Liberalization of export and import markets has been encouraged, especially since the issuance of government decree No. 92-092/PMRT in 1992, which included measures such as suppression of import licences and export authorization for cereal and livestock. Nevertheless, the decree allows the Government to take all safeguard measures necessary to ensure local market supplies in times of difficulties. Some safeguard measures were applied by the Government for vegetable oils in 1994 and for exports of cereals in 1995. Three products, namely cacao, coffee and cotton, dominate Togo's agricultural exports. At the same time, there are non-official exports of products such as maize, igname, gari and tapioca to neighbouring countries. Major agricultural imports include frozen fish, wheat flour, dairy products and rice. Between 1990 and 1995, the trade balance of Togo was in deficit, rising to 88 million CFA francs in 1995. However, the agricultural trade balance was positive until 1995 and again in 1996, largely due to an increase in cotton exports and the devaluation of the CFA franc. The agricultural sector represented 34% of Togo's GDP in 1996. Food production constitutes about two-thirds of agricultural GDP. To increase Togo's effective participation in the global agricultural market, the country needs to improve the product quality of its exports. At the same time, while Togo has not been a recipient of food aid in recent years, the declining trend in food aid availability should be stopped, so as to ensure

that emergency situations, to which LDCs are highly vulnerable, are dealt with adequately.

Presentation on Trinidad and Tobago

19. Trinidad and Tobago is both a net food-importing developing country and a small island developing State (SIDS), and thus suffers from structural weaknesses specific to both groups of countries. In particular, it imports over 70% of its staple food. Trinidad and Tobago has been heavily dependent on oil since the commercialization of the oil sector some 30 years ago. When the oil market experienced a slump in the 1980s, the country was faced by severe economic deterioration, and embarked on a comprehensive structural adjustment programme in the mid- to late 1980s, an integral part of which was the Agricultural Sector Reform Programme started in 1993. The Programme consisted of components such as trade and price policy, land use policy, and administration, restructuring and divestment of state-owned enterprises. The trade and price policy components were in compliance with the obligations of the WTO Agreements and in fact exceeded those obligations. They comprised tariffication of quantitative restrictions, elimination of the negative list of agricultural products, and a phased programme of tariff harmonization and reduction. Trinidad and Tobago bound tariffs of most agricultural products at 100% (the applied rates of which are mostly 40%, consistent with the Common External tariff of CARICOM) and a few sensitive items (e.g. poultry, sugar, lettuce, cabbage and coffee) at higher rates. Domestic support for agriculture since the Uruguay Round Agreement on Agriculture has not exceeded the 10% *de minimis* level. There are no export subsidies. The impact of the Uruguay Round agricultural reform process on the country appears to be mixed. Production of some of the major staples in which the country has some supply capacity has been negatively affected. Self-sufficiency rates in rice and pork, for instance, dropped to 20% from the pre-Uruguay Round level of 42% in the case of rice and to 50% from 57-76% in the case pork. The food import bill increased in spite of the fact that world food prices have so far failed to rise as expected as a result of the Uruguay Round. The adjustment cost of liberalization was felt particularly by local producers of primary and processed products such as ice cream, vegetables, and pork. As far as exports are concerned, multilateral trade liberalization did not improve the export performance of major export products such as sugar. While exports of fresh vegetables increased, sanitary and phytosanitary requirements in OECD countries constituted a drag on further expansion in non-traditional agricultural exports. Fish and ice cream exports have already been damaged by these SPS norms. The overall impact of both the domestic reform programme and the country's implementation obligation to WTO appears to be modest. Expected benefits targeted at relieving the supply constraints have failed to materialize, partially due to the lack of institutional, analytical and managerial skills, which have not benefited by a reform programme. As a result, imports are made easier while no action is taken to remove constraints on local supply expansion. The pace of reforms to remove supply constraints is slow, whereas the reforms to remove barriers to market access have essentially been completed, making access to the Trinidad and Tobago markets easier.

Presentation on Venezuela

20. In the past, due to the fact that a major part of Venezuela's income was derived from the petroleum sector, not enough attention was paid to the agriculture sector. However,

during the process of accession to the WTO at the end of the 1980s, the Government came to see the need to take several new measures to make Venezuela's legislation compatible with the rules of the WTO. This process also gave birth to a new trade policy, contained in decree 239, which, however, due to a number of political setbacks, lacked continuity. The present Government has designed and implemented a new national plan for food and agricultural development, which will be implemented in three different phases over the next 20 years. The plan has a highly social content and targets food security, rural development (to increase employment) and the development of an agricultural food chain, according special attention to reaching satisfactory levels of quality, price and competitiveness, which will take time and money to achieve. Venezuela is committed to fulfilling its commitments at the WTO, but in order to do so on a level playing field it will require true and effective special and differential treatment.

Presentation on Viet Nam

21. Since the late 1980s, Viet Nam has applied a set of reform policies in the agricultural sector which have included land reform, promoting the role of the private sector and allowing prices to be determined by market forces. As a result of these reforms and other government policy changes, Viet Nam's agricultural production during the last 10 years has achieved steady growth of 4.3% per annum in value terms. Gross output of food crops, industrial crops and livestock has posted significant growth; for example, paddy yield has risen by 52%, coffee by a factor of 10 and rubber by 114%. The agricultural sector is still the main source of income and employment, and represents 25.4 per cent of total GDP. Agricultural exports have also grown very fast, at a rate of 15.2% per annum, over the past five years. In 1999, the value of agricultural exports reached US\$ 3.2 billion, accounting for nearly 28 per cent of Viet Nam's total export turnover. Given the limited size of the domestic market and the unstable conditions of the international market, the major difficulty faced by Viet Nam's agricultural sector is to find markets for its increased production. Another problem relates to the rapid changes in demand and structure in both domestic and foreign markets, which are difficult for Viet Nam's agricultural sector to adapt to. The low level of technology and the underdevelopment in rural infrastructure and services, which contribute to the inefficiency and ineffectiveness of the operations of many agricultural firms, also represent bottlenecks. With respect to the liberalization process under the Agreement on Agriculture, Viet Nam's accession to the WTO could bring some trade opportunities, including access to advanced technologies and investment capital. On the other hand, Viet Nam would also face many difficulties when competing with other countries in both international and domestic markets. With regard to the next round of multilateral negotiations, there should be more balance in commitments between developed and developing countries on market access (tariffs and TRQs), domestic support, and export subsidies. In other words, agricultural products from developing countries should be able to achieve increased penetration into developed countries' markets.

2. Presentations by lead discussants

Food and Agriculture Organization (FAO)

22. The representative of **FAO** provided an update of a forecast of the food security situation and trends in cereal import bills of the LDCs and the NFIDCs. In the current marketing season, world cereal utilization will exceed global production for the second consecutive year, leading to a further decline in stocks. Food trade is forecast to decline from the previous season. Cereal prices are still falling at present, but they are expected to recover this season due to a tighter demand/supply balance. Food aid declined in the 1999/2000 season by as much as 3 million tonnes. In spite of the relatively high volume of global food aid in 1998/99, food aid available for developing countries as a whole has been on a downward trend since 1992. It is important to note that food emergencies persist in many countries throughout the world, and the latest information from FAO points to as many as 36 countries facing food shortages of varying intensity. In 1998/99, the combined cereal import bill of LDCs and NFIDCs was \$6.3 billion, down 15% from the previous year, owing mainly to declining world prices. This trend appears to have continued in 1999/2000, for the fourth consecutive year, owing also to improved production in Bangladesh and Egypt and to concessional credit sales, which have tended to reduce the cost of importing due to liberal repayment terms. As a result of these trends, and especially of the sharp drop in grain prices, the cereal import bill for LDCs and NFIDCs has declined since the 1995/96 price hike, in spite of increased cereal imports, lower export subsidies, and reduced food aid levels. However, this import bill reduction has been due only to contingent supply/demand conditions and is likely to be reversed by the second part of the present season. As regards FAO activities in support of LDCs and NFIDCs, such as an FAO Symposium on "Agriculture, Trade and Food Security", held in September 1999 in Geneva, these will be continued. With a view to increasing coordination among relevant international organizations and institutions in this area, FAO held an informal inter-agency meeting in June 2000 to exchange views on possible analytical support and technical assistance that could be provided by international agencies and research institutions and to explore the possibilities for synergies and collaboration among agencies in the provision of this assistance.

Commonwealth Secretariat

23. According to the findings of the Commonwealth Secretariat's recent publication "*The WTO Agreement on Agriculture and Food Security*", the key determinants of food security are: (i) product-based entitlements; (ii) trade-based entitlements; (iii) labour-based entitlements; (iv) transfer-based entitlements. An indicator to a country's food insecurity situation could be composed of the following factors: low production capacity, vulnerable trade, and high dependency on food aid. Countries which are food-insecure have chosen to tackle this problem through a number of policies: food production policies can utilize tools such as input credits, subsidies on inputs, R&D, investment promotion, and land reform; trade policies include market development and regulation, parastatal reform, food price stabilization (which can be pursued through the establishment of buffer stocks); labour policies can target high-value export crops, small and medium-size enterprise development, micro finance, minimum wages, transfers and safety nets, employing policy instruments such as labour-intensive public works programmes, targeted feeding programmes, food stamps and food price subsidies. The outcome of the multilateral trade negotiations would affect the food security policy of countries as they: (i) introduce changes to the policies that impact directly on entitlements (e.g. by altering food prices paid by consumers or received by producers);

and (ii) alter the feasibility of some policies that promote or protect entitlements. The types of changes which could be introduced to ensure legitimate demands for food security in LDCs and NFIDCs are summarized in the following table:

Area	Types of change	Potential instruments
Domestic support	Erosion of SDT provision on investment and input subsidies	Recalculation of AMS Redesign of green box area
Tariffs	Removal of "water" from tariffs before end of developed country subsidized products	Provision of SSGs Countervailing duties
Export subsidies	Reduction of subsidized imports available to vulnerable countries and groups that is more rapid than feasible adjustments	Targeting of concessional food (possibly outside WTO framework)

International Food Policy Research Institute (IFPRI)

24. Concerning the issue of food security at the national level, the question to be answered is: are the categories used under the WTO agreements the right ones? The category of LDCs is a good indicator, but there are some non-LDCs that appear food-insecure, and there are a very few LDCs that are food-security neutral. The category of NFIDC does not do as well, with only 11 out of 19 countries appearing in the food-insecure categories. This finding is based on a cluster analysis of 167 countries, including 42 LDCs and all 19 NFIDCs. Five variables are considered: calories per capita, proteins per capita, food production per capita, the importance of the food bill in relation to total exports of goods and services, and the proportion of rural population. In this study, the countries were divided into 12 clusters, four of which showed problems of food insecurity. Considering specific policies, what is good about Article 6.2 of the Agreement on Agriculture is that it allows developing countries to design domestic support measures (input subsidies and investment subsidies) according to their development and poverty alleviation programme. One thing to be kept in mind is that if green box measures cost money, as is often said, so does protectionism, and the bill in the latter case would be paid by domestic consumers. It is normal that one would still need some measures to protect oneself from a sudden surge of imports. The problem of food aid is that it is cyclical, meaning that when prices are low, one gets a lot of aid, while when prices are high, there is not enough aid available. Food aid should be counter-cyclical. There are also many global problems that influence food security: (i) agricultural protectionism in developed countries; (ii) financial instability and indebtedness; (iii) wars and other conflicts. The last point is a crucial one and should receive greater attention from negotiators.

World Trade Organization (WTO)

25. With regard to the state of implementation of the Marrakesh Decision, the monitoring of the Decision is on the agenda of virtually all meetings of the WTO Committee on Agriculture. With respect to the four mechanisms (i.e. food aid, technical and financial assistance, export credits, and access to resources of international financial institutions)

established to address the possible negative effects resulting from the reform programme, a new Food Aid Convention was negotiated during the period 1997/99 and came into force in July 1999. While the aggregate food aid commitments under the new FAC will be lower in volume terms than under the previous one, the new FAC contains some improvements, such as a broader product coverage. As for technical and financial assistance, the monitoring of implementation is not an easy task, since technical and financial assistance is essentially a bilateral matter between donors and recipients. Nonetheless, WTO donor members will be required to notify their assistance to the WTO Committee on Agriculture. On export credits, negotiations on an understanding on agriculture export credits have been under way for several years in the OECD. Regarding access to resources of international financial institutions, IMF confirmed that any short-term balance-of-payments difficulties could be adequately met with its existing financing facilities, and the World Bank also sees no need to establish a special Uruguay Round adjustment facility. In view of the status of the Decision in the current WTO negotiations in agriculture within the scope of Article 20, special and differential treatment (S & D), as well as the possible negative effects of the implementation of the reform programme on LDCs and NFIDCs, should be taken into account in these negotiations. On the agricultural trade performance of LDCs and NFIDCs, in terms of broader agricultural products rather than basic foodstuffs, the export growth of 7 of the 19 NFIDCs and half of the LDCs exceeds import growth. Six of the NFIDCs are net exporters of agricultural products, and Côte d'Ivoire, Sri Lanka and Kenya show a significant increase in their net exports.

Organization for Economic Cooperation and Development (OECD)

26. The representative of OECD gave a presentation on the agricultural trade policy concerns of emerging and transition economies (ETEs). This presentation drew on the OECD's recent publication "Agricultural Policies in Emerging and Transition Economies 2000", and focused on what ETEs stand to gain or lose from reforms in the areas of market access, export competition and domestic support. Whereas trade has served as an engine of growth in the case of industry, this has not been the case with agriculture. A major reason for the limited growth of agricultural trade has been protection: bound tariffs on agricultural products are, on average, at the same level as bound tariffs on industrial products 50 years ago. Developing countries have been major losers, as their share of OECD agricultural markets has not increased in the last 20 years. Developing countries have a basic common interest in a liberal trading regime. However, there are important areas where the interests of developing countries diverge (e.g. exporters may have different interests from net importers), and this complexity of interests needs to be addressed so that all countries can benefit from trade reform. A range of questions related to transparency and fairness will need to be addressed in forthcoming negotiations, and the OECD's publication contains a discussion of how this might be accomplished in practice.

3. Summary of the deliberations in the Expert Meeting

27. In the presentations of country experiences and discussions thereof, the Meeting identified several factors that are common in the agricultural sector of participating LDCs and NFIDCs. Those factors include: food security as a major policy objective; dependency on food imports; primordial production technology (e.g. high dependency on rainfall);

concentration on few export crops, especially on cash crops, often as a residual of the agricultural policy of the colonial period; extreme poverty of the rural agricultural population; a fairly liberal agricultural trade regime due to unilateral liberalization; and high interest in agricultural export promotion and diversification.

28. In the debate that took place, the following issues were raised as major areas of concern of LDCs and NFIDCs.

29. Agriculture is an essential economic and social sector for the majority of LDCs and NFIDCs. Rapid market liberalization and reduction of domestic support under structural adjustment programmes, which many LDCs and NFIDCs have undergone in the last 15 years, may have harmed the competitiveness and the viability of their agricultural activities through, *inter alia*, an inflow of imports of key staples. The viability of the rural population, which consists predominantly of small-scale rural subsistence farmers, is closely linked to poverty alleviation. For this reason, there is a need to differentiate agricultural activities in LDCs and NFIDCs in terms of commercial activity on the one hand and social necessity on the other, and the countries concerned then need to formulate a long-term development strategy that may include a flexible use of trade policy measures. While the Agreement on Agriculture brought agricultural trade under multilateral disciplines, it did not effectively address the problems of poverty and rural development.

30. Food security is a major policy objective of LDCs and NFIDCs, and food aid has helped meet short-term food security needs. However, food aid also presents a dilemma for LDCs and NFIDCs. It can be beneficial at times of crisis, but donated food aid can destroy the production capacity of a recipient country in the medium to long term. In addition, decisions over food aid provision by donor countries are often an integral part of donor countries' commercial policy, rather than of their development aid policy. The mechanism of donors purchasing products for food aid may be linked to elements that could be considered domestic support (e.g. market price support) or export subsidies. The actual cost and benefit of food aid, however, should be analysed according to country-specific considerations. The source of the problem may not be the provision of the food aid itself but the mechanism through which donated food is injected into the domestic market; food aid should complement, rather than compete with, domestic food production.

31. Food security may be affected by reduction commitments under the three pillars of the Agreement on Agriculture, i.e. export competition policy, market access and domestic support. Subsidized exports from major developed countries of key staples, including wheat, maize, pork and poultry meat, have been especially damaging to the production capacity of rural poor farmers in LDCs and NFIDCs due to their price disadvantages in the production of those products. The positive contribution of export subsidies to the food-import bills of LDCs and NFIDCs may have been overstated, as the quantity of subsidized exports is often counter-cyclical *vis-à-vis* agricultural price changes (i.e. the higher agricultural prices are, the lower the level of subsidized exports). Export subsidies also erode the export potential of the products of LDCs and NFIDCs not only in the international market but also in their traditional regional or subregional markets. Early elimination of export subsidies would be the first step in ensuring a level playing field between developing countries and developed

countries. LDCs that are not required to make reduction commitments on export subsidies may, however, maintain the flexibility to enhance their export potentials. As for export credits, there should be substantive analysis of their possible trade-distorting effects. In this context, interests and concerns of LDCs and NFIDCs should be examined.

32. LDCs and NFIDCs should also look at the export aspects of the reform process, given that many of those countries are highly dependent on foreign exchange earnings from agricultural exports. While export development is important to many LDCs and NFIDCs, the implementation of the Uruguay Round Agreements has not visibly improved their market access opportunities. Tariff peaks and tariff escalation persistently pose problems for the exports and production diversification of LDCs and NFIDCs. Increasingly, the SPS measures of developed countries have become a major barrier against exports from developing countries, as the need to comply with SPS regulations increases production costs due to the high cost of certification and delays in authorization, etc. Developing countries, especially LDCs, do not have the technological capacity to comply fully with the SPS regulations set by major developed countries. The majority of LDCs and NFIDCs are beneficiaries of preferential market access provided by developed countries. While aggregate studies suggest that the trade impact of multilateral tariff liberalization in agriculture on preferential margins may have been moderate, country-specific cases reveal that the cost of the preference erosion for some LDCs and NFIDCs is significant.

33. In the area of domestic support, a large gap in the value of the total AMS between developed and developing countries is a major source of imbalance. Furthermore, the current scheme of domestic support measures that are exempted from reduction commitments, namely the Green Box and the Blue Box, is largely based on the needs of developed countries, which have the necessary financial capacity and which have increased their support under those provisions since 1995. The trade implication of this increase in support, particularly in the Blue Box, would need to be determined. In LDCs and NFIDCs, domestic support measures are closely linked to social policy objectives such as rural poverty alleviation. While LDCs and NFIDCs may be encouraged to make more active use of well targeted Green Box measures, the Green Box provisions contain few elements of special and differential treatment for developing countries.

34. Establishment of the Development Box could be a comprehensive way to provide developing countries with flexibility in using trade policy measures to meet their development objectives. However, a major analysis would be required to determine the provisions to be included in the Development Box. Although temporary measures to protect domestic farmers against imports may be desired, attention should be given to improving export capacity and product quality. Attention should also be given to measures to ensure that the development of South-South trade, which has considerable potential, would not be impeded.

III. ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

35. At the consultations of the President of the Trade and Development Board with the Bureau, coordinators and interested delegations on 31 March 2000, member States decided to convene an Expert Meeting on the Impact of the Reform Process in Agriculture on Least Developed Countries (LDCs) and Net Food Importing Developing Countries and Ways to Address Their Concerns in Multilateral Trade Negotiations. The decision was made in accordance with the UNCTAD X Plan of Action (TD/386).

B. Election of officers (Agenda item 1)

36. At its opening meeting, the Expert Meeting elected the following officers to serve on its Bureau:

Chairperson:	H.E. Mr. Ransford A. Smith (Jamaica)
Vice-Chairperson-cum-Rapporteur:	Mr. Gashaw Debebe (Ethiopia)

C. Adoption of the agenda

37. At the same meeting, the Expert Meeting adopted the provisional agenda circulated in TD/B/COM.1/EM.11/1. Accordingly, the agenda of the Meeting was as follows:

1. Election of officers
2. Adoption of the agenda and organizational work
3. The impact of the reform process in agriculture on LDCs and net food-importing developing countries - Assessment of country-specific concerns
4. Ways to address their concerns in the multilateral trade negotiations
5. Adoption of the outcome of the Meeting

D. Documentation

38. For its consideration of the substantive agenda items (items 3 and 4), the Expert Meeting had before it a background note by the UNCTAD secretariat entitled "Impact of the reform process in agriculture on LDCs and net food-importing developing countries, and ways to address their concerns in multilateral trade negotiations" (TD/B/COM.1/EM.11/2).

E. Adoption of the outcome of the Meeting
(Agenda item 5)

39. At its closing meeting, on 26 July 2000, the Expert Meeting adopted the outcome of the Meeting reproduced in section I above.

Annex

ATTENDANCE *

1. Experts from the following States members of UNCTAD attended the Meeting:

Algeria	Jamaica
Angola	Japan
Argentina	Kenya
Australia	Kyrgyzstan
Azerbaijan	Lesotho
Belarus	Madagascar
Belgium	Malaysia
Bhutan	Mali
Bolivia	Mauritania
Brazil	Mauritius
Burkina Faso	Mexico
Cameroon	Morocco
Canada	Myanmar
Chad	Nepal
China	Netherlands
Colombia	Nicaragua
Comoros	Norway
Costa Rica	Oman
Cuba	Pakistan
Democratic Republic of the Congo	Palestine
Dominican Republic	Paraguay
Ecuador	Peru
Egypt	Philippines
El Salvador	Russian Federation
Ethiopia	Rwanda
France	Sao Tome and Principe
Germany	Senegal
Guinea	Spain
Guyana	Sri Lanka
India	Sudan
Indonesia	Suriname
Italy	Switzerland
	Tajikistan

* For the list of participants, see TD/B/COM.1/EM.11/INF.1.

Thailand
Togo
Trinidad and Tobago
United Kingdom of Great
Britain and Northern Ireland
United Republic of Tanzania

United States of America
Uruguay
Venezuela
Viet Nam
Zimbabwe

2. The following intergovernmental organizations were represented at the session:

Arab Labour Organization
Cocoa Producers' Alliance
Commonwealth Secretariat
European Community
League of Arab States
Organisation for Economic Co-operation and Development

3. The following specialized agencies and related organization were represented at the session:

International Labour Organisation
Food and Agriculture Organization of the United Nations
International Monetary Fund
United Nations Industrial Development Organization
World Trade Organization

4. The United Nations Environment Programme was represented at the session.

5. The following non-governmental organizations were represented at the session:

General Category

ActionAid
International Chamber of Commerce
Latin American Association of Development Financing Institutions
World Confederation of Labour
World Federation of United Nations Associations
World Vision International

Special Category

European Committee of Sugar Manufacturers
International Food Policy Research Institute

Specially Invited

Catholic Institute for International Relations
Réseau des ONGs sur l'agro-alimentaire, le commerce, l'environnement et le
développement



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**REPORT OF THE EXPERT MEETING ON NATIONAL EXPERIENCES WITH
REGULATION AND LIBERALIZATION: EXAMPLES IN THE CONSTRUCTION
SERVICES SECTOR AND ITS CONTRIBUTION TO THE DEVELOPMENT OF
DEVELOPING COUNTRIES**

Held at the Palais des Nations, Geneva,
from 23 to 25 October 2000

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I. OUTCOME¹

1. The Expert Meeting on National Experiences with Regulation and Liberalization: Examples in the Construction Services Sector and Its Contribution to the Development of Developing Countries was held in Geneva from 23 to 25 October 2000 upon the decision of member States taken at the consultations of the President of the Trade and Development Board on 31 March 2000 in accordance with paragraph 134 of UNCTAD X's Plan of Action as contained in document TD/386. The following is the outcome of the Expert Meeting. In accordance with the Trade and Development Board's decision taken at its twenty-fourth executive session, the outcome will be circulated by the secretariat to member States with a request for policy comments on the experts' recommendations. The responses of member States will be taken into account in the preparation of the secretariat documentation for the fifth session of the Commission on Trade in Goods and Services, and Commodities, to be held from 19 to 23 February 2001.

2. Individual experts put forward their views on how Governments of developing countries could play an active role at national level and in multilateral negotiations in order to promote development of their construction services sector. The following text summarizes their suggestions. It is intended to reflect the richness and diversity of the views expressed.

A. Domestic policy instruments and strategies aimed at building domestic capacities in the construction services sector

3. The construction services sector in developing countries is a fundamental economic activity which permeates all sectors of the economy. It is an instrument for employment creation, a key infrastructure service and a tool for upgrading welfare. It consists of two subsectors: architectural and engineering design services and physical construction services. This sector has a major role to play in achieving social and economic development objectives in developing countries; local firms and professionals should be fully involved in this process.

4. The development of a strong domestic construction services sector should be supported by instruments of industrial policy, human resource development and macroeconomic policies, and by removing unnecessary bureaucratic obstacles internally. Adequate funding for research and development is an essential component of such policies. Countries should ensure that macroeconomic policies, particularly fiscal policies, avoid onerous internal taxation of construction firms and high tariffs on essential equipment. The right policy mix can be achieved only if dialogue is maintained between all stakeholders in the private and public sectors of the economy.

¹ As adopted by the Expert Meeting at its closing plenary meeting on 25 October 2000.

5. One element of policy is to stimulate the growth of domestic architectural, engineering, design and construction firms, as well as their technological capabilities, by improving their competitive position and ensuring their effective participation in construction linked to social programmes, e.g. housing, energy, industrial and infrastructure projects. Local companies need to follow a "learn by doing" approach. Once they have accumulated expertise and strengthened their competitiveness, these may be translated into export capacity. The development of the project management and design subsectors can provide a lead into foreign markets.
6. Another element is to seek to upgrade capacity through the establishment of local and regional professional associations and create a mechanism for the effective recognition of qualifications for professionals and firms, where they do not exist, based on progressive implementation of international standards. The policies and legislation to upgrade the capacity of the construction services sector should include provisions to encourage the transfer of technology to domestic firms through joint ventures and other forms of partnership with foreign firms, and various other forms of performance requirements, which are consistent with multilateral disciplines. Transnational firms from developed countries should be encouraged to enter into such partnerships.
7. Human resource development should be targeted at the training of highly skilled professionals, as well as other workers, in order to fulfil the requirements of the sector, with emphasis on the use of information technology. The private sector may contribute to training and upgrading of skills which are in short supply domestically and for which training is not provided in the established educational institutions. National and international measures are needed to discourage "brain drain".
8. All countries should establish appropriate institutional and legal frameworks to effectively monitor and regulate the construction services sector. Such frameworks should provide for transparency and effective recourse against anti-competitive practices, as well as providing an effective arbitration mechanism for settling disputes. The construction services sector can be used to generate indirect benefits, such as addressing rural poverty and opportunities for women.
9. The export capacity of developing countries requires the support of export promotion policies. These could include export financing aimed at the specific needs of the construction services sector, for example the financing of pre-investment services, as well as active participation in international negotiations aimed at the reduction and elimination of barriers.
10. National Governments should take the lead in building the capacity of the architectural and engineering and construction services, and should seek technical assistance from the international financial institutions and other international organizations geared towards those objectives.

B. Action in international trade negotiations

11. In participating in multilateral trade negotiations, developing countries should identify areas of trade liberalization according to their economic and social development goals. Negotiations should take into account the level of development of the developing countries, and special treatment should be accorded to the least developed countries in order to take account of the asymmetries due to the size of their markets, structural weaknesses of those markets and human capacities.

12. In the negotiations under the General Agreement on Trade in Services (GATS) countries should aim at effective implementation of Article IV of the GATS as it applies to the construction services sector. This article stresses that the increasing participation of developing countries in trade shall be facilitated through negotiating specific commitments which will: (i) strengthen the domestic capacity of their domestic service suppliers through access to technology on a commercial basis; (ii) improve their access to distribution channels and information networks; and (iii) liberalize market access in sectors and modes of supply of export interest to them. This provides the framework for developing countries to acquire knowledge and transfer of technology as a way to develop domestic capacities in the construction services sector. Any consideration of specific classifications or methodologies to be used as tools or aids for negotiations should ensure that the architecture of the GATS is not modified and should have as its objective the effective implementation of Article IV in the construction services sector.

13. The GATS negotiations should also address measures which impede the ability of developing country firms to compete in their own markets or those of other countries, including subsidies, tied aid, discriminatory qualification requirements and anti-competitive practices.

14. Developing country Governments should identify in a precise manner the need for new rules and the main trade barriers affecting their trade in the construction services sector, so as to seek their removal in the GATS negotiations, particularly those which impede the ability of their firms to penetrate developed countries' markets. These include restrictions on the temporary movement of personnel, discriminatory and non-transparent licensing and standards, non-recognition of professional qualifications, problems of access to networks for the supply of construction services, discriminatory government procurement practices against developing countries' construction services providers, subsidies and discriminatory tax policies. In all cases developing countries should define how the disciplines applicable to these restrictions will preserve special and most favourable treatment.

15. It was suggested that an Annex on Construction Services could be prepared in order to overcome the slow progress in the various subsidiary bodies of the WTO Council for Trade in Services working on additional disciplines for trade in services. The annex could consider the various subsectors of construction services, and could cover specific provisions of relevance to construction that would ensure compliance with Articles IV and XIX of the GATS in the areas listed in paragraph 14 above.

16. To implement effectively development objectives in the construction services sector, developing countries should make use of performance requirements which are GATS-consistent. In that respect, they may use local content requirement related to services, as well as requirements of associations and joint ventures, so as to include local companies in the design and implementation of construction projects, and should ensure that any commitments or rules that they accept permit the policy flexibility needed.

17. Developing countries should bear in mind that Article XIX of the GATS enables developing countries to seek commitments in the construction services sector, without symmetrical opening of their own country markets, as they are permitted to open fewer sectors and may offer reciprocal commitments or concessions in other sectors. Under this article, the process of liberalization must take into account national policy objectives and the level of development of developing countries, while market opening should correspond to the development situation in each market.

18. Trade among developing countries should be promoted in the construction services sector, including trade in related equipment, materials and the movement of qualified personnel. Preferential treatment within the framework of subregional agreements among developing countries can provide opportunities for developing country construction services firms, including through harmonized legislation.

19. Progressive trade liberalization may be promoted in those subsectors that contribute most to the development and achievement of social objectives, as in the case of housing.

20. The minimum requirement for the qualification of architects and engineers adopted by the International Union of Architects and other international professional associations and bodies may serve to promote work in the WTO in the area of mutual recognition of qualifications.

21. Efforts should be made to achieve mutual recognition of diplomas and curricula, especially between developed countries on the one hand and developing countries on the other, insofar as this is a precondition for developing country professionals to provide their services abroad. These goals can be easier to achieve in the framework of regional groupings. Mutual recognition of qualifications should not be limited to professionals but also include skilled personnel.

C. Action by international financial agencies and donors

22. International funding agencies should take positive measures to actively promote the participation of developing country firms in the design and execution of construction projects. Therefore, they should not impose requirements that developing country firms are by and large unable to meet.

23. Multilateral financial institutions and donor countries should support domestic policies aimed at developing national capacities, including through associations of firms, and provide all the required incentives through specific programmes related to the transfer of technology.

24. Transparency in bidding regulations should be implemented for multilaterally financed projects. Procedures should be put in place to ensure that the preferences and other conditions contained in the guidelines of financial institutions favouring domestic suppliers are made public and are applied in the recipient countries.

25. Flexibility in the rules of the multilateral financial institutions allowing non-mandatory performance requirements should be implemented effectively, particularly the introduction of evaluation criteria in international tendering which would favour a commitment to transfer of technology and voluntary association agreements between foreign and domestic firms in developing countries aimed at promoting learning-by-doing processes.

26. Harmonization of rules for procurement in order to enhance transparency and fairness in bidding procedures should take into account multilateral trade rules and specifically the outcome of negotiations on government procurement mandated under Article XIII of the GATS. Such harmonized rules should not affect the definition of national policies aimed at the development of various sectors.

D. Recommendations to UNCTAD

27. This Expert Meeting has been the first of its kind at the international level to focus on the needs of developing countries in the construction services sector. Both public and private actors working in the area of construction services have felt for years a need to address issues specific to construction services in a comprehensive manner, but no international organization has done this so far. A number of new issues which have also arisen in the area of international trade have a direct or potential impact on the evolution of the construction services sector at the national level, but awareness of them has been non-existent or minimal in most of the developing countries and also in some developed countries.

28. UNCTAD should promote the continuation of dialogue and awareness building in collaboration with other international and regional organizations and bodies in the area of construction services. In particular, a model law for promoting the development of an efficient and competitive construction services sector might be needed. UNCTAD should work with the United Nations Commission on International Trade Law (UNCITRAL) to assess the feasibility of drafting such a law. UNCTAD should also endeavour to include legislation and regulations affecting trade in construction services in its Measures Affecting Service Trade (MAST) information database.

29. UNCTAD should continue playing a role in supporting the participation of the developing countries in the area of multilateral trade negotiations by better defining available options in those negotiations and identifying barriers to trade in the construction services sector and possible conditionalities in order to enhance internal regulations and their effectiveness in achieving national policy objectives.

30. UNCTAD should organize a follow-up meeting in the area of construction services so that countries would have a forum for addressing their problems, exchanging new ideas and assessing how successful they were in addressing problems identified in previous meetings at national, regional and multilateral levels.

31. UNCTAD should organize workshops and seminars at the regional and national levels for the purpose of promoting contacts among policy makers, the private sector and trade negotiators. These meetings should involve representatives from the construction services sector. Professional associations and bodies in developing countries should also become involved in the UNCTAD programmes aimed at capacity building in services.

II. CHAIRPERSON'S SUMMARY

A. Presentations by experts on country experiences

32. Individual experts made presentations, in their own capacity, on experiences with regulation and liberalization in the construction services sector in the following countries: Bangladesh, Colombia, Cuba, Dominican Republic, Egypt, Ethiopia, Indonesia, Iraq, Japan, Lesotho, Mauritius, New Zealand, Pakistan, Paraguay, Romania, Samoa, Tunisia, Turkey, United Republic of Tanzania, Venezuela and Zimbabwe.

Experience of Bangladesh

33. The Government of Bangladesh has been pursuing a policy of promoting a competitive market-based economy through financial and industrial policy reforms, as well as trade liberalization. This is geared towards creating an enabling environment for the private sector in general. Major challenges faced by the Bangladesh construction sector in this context relate to how to improve the local technological capacity through technology transfer, enhance competition in the domestic market and improve the competitiveness of domestic industries through efficiency gains. The domestic construction services sector is subject to stringent legal controls, which are justified on social and developmental grounds since they are aimed at the protection of workers' rights, safety and health as well as the orderly development of the industry. Technical regulations establishing what types of materials, construction techniques and skills can be used in the construction process have resulted in the origin of their suppliers being ascertained. The import dependence of the Bangladesh construction industry as regards input materials explains the need for such regulations. Laws and regulations could usefully be further tailored to promote the wide-scale adoption of local materials, construction techniques and skills in order to foster the development of the domestic industry. With a view to strengthening the competitiveness of local industry, policies should aim at "slicing and packaging" larger construction projects so as to create opportunities for domestic contractors; limiting bidding to technically and financially capable suppliers; prohibiting in principle the pre-qualification of suppliers of goods or equipment; ensuring that technical specifications are not too prescriptive; ensuring that standards other than standards specifically stated in the bidding are recognized, provided that they ensure an equal or higher quality than the standards specifically mentioned; ensuring fair and equal opportunities for all bidders in the tendering process; and providing compensation for delays in payment in government-financed projects.

Experience of Colombia

34. The Government has been carrying out a programme aimed at strengthening the supply capacity of firms in the construction services sector and creating mechanisms to promote exports of construction services. With regard to the domestic demand for construction services, physical infrastructure projects in the areas of housing, health, education and transport predominate. Having accumulated expertise in all these areas, a

number of Colombian firms have penetrated markets in Central America and the Andean countries. In order to enhance firms' export capacity, the Government is providing potential exporters with information on market opportunities abroad, advisory services, training programmes, financial incentives and special credits at low interest rates to help them penetrate foreign markets. Harmonization of the fiscal system and the elimination of onerous taxes should be pursued domestically. There is a need to establish minimum international standards for construction work. Regulations concerning the movement of labour should be harmonized at regional and international levels in order to facilitate the movement of construction workers and professionals at all skill levels.

Experience of Cuba

35. The implementation of national policies for developing architectural and engineering services (AES) and construction services has three main priorities. The first is the strengthening and upgrading of AES firms' capacity so as to enhance their competitiveness in the national market and to help them acquire greater technological endowments, thus enabling them to benefit from supplying services to open markets abroad. National efforts are oriented towards implementation of a coherent and integrated policy framework to help national enterprises in the construction sector retain a greater share of value added, and to promote employment of national professionals. The participation of foreign firms in Cuba is conditional both on a high level of participation by national firms and on a substantial transfer of know-how. The second priority is to ensure that national companies and professional entities, as well as foreign companies operating in the country, meet the highest standards of quality and advanced technology. The third priority is to create a specialized institution responsible for monitoring and assessing the activities of AES firms, including establishment of a national register of firms and contractors, a register of professionals in the construction sector and implementation of new rules for bidding and tendering for construction projects. Lastly, there is a need to enhance the capacities of all actors in the national economy with regard to the General Agreement on Trade in Services (GATS) and other trade issues, including the compatibility of domestic regulations with the multilateral trade rules.

Experience of Dominican Republic

36. Construction in the Dominican Republic grew at the rate of 18 per cent in 1999 and represented 13.4 per cent of gross national product (GNP). Half of the latter figure was accounted for by government procurement of construction for infrastructure development. Regional trade in Central America and the Caribbean is also beginning to play an increasingly important role. However, the overall picture in developing countries indicates that they are only marginal suppliers of architectural and engineering services that provide the higher value added. The main trade barriers facing developing countries' exports in the area of architectural and engineering services include qualification procedures, licensing requirements, barriers to electronic provision of services, technical standards and subsidies. At the same time, restrictions on the movement of personnel, government procurement practices and subsidies are limiting exports of physical construction services from developing

countries. Ongoing and new negotiations on services are particularly relevant to construction services in respect of subsidies, government procurement and domestic regulation. The basic objective is to achieve a progressively higher level of liberalization, and to do so, developing countries should seek to deal more effectively with the regulatory problems that are distorting trade in construction services. Therefore, an Annex on Construction Services could consider specific provisions of relevance for construction that would ensure compliance with Articles IV and XIX of GATS in the following areas: subsidies, recognition of professional qualifications, barriers to movement of personnel, access to networks for cross-border supply of construction services, government procurement — including transparency, market access, national treatment and special and most favourable treatment for developing countries — and sectoral coverage.

Experience of Egypt

37. The construction and housing sector accounts for 5.8 per cent of total gross domestic product (GDP) in Egypt and has been growing at an annual rate of 10.5 per cent since 1998. Local enterprises control 70 per cent of the construction market, with the private sector as the major player, while the large foreign firms, which usually form a consortium with Egyptian partners, control the rest. Egyptian firms have benefited from work with foreign firms in obtaining technical know-how. Projects, which are delivered through bilateral assistance, continue to play an important role in upgrading infrastructure. A strong demand for construction services is expected to be maintained in Egypt, resulting from the construction of new plants for industrial development and new hotels for development of the tourism sector, the extension of infrastructure facilities for distribution of gas, and the building of new roads, railways and private airports. To maintain the competitiveness of Egyptian firms, the Government must increase investment in knowledge and technology relevant to supporting the development of the construction industry. Furthermore, firms must be encouraged to upgrade their capacities and emphasize innovation, managerial skills and the use of new technologies. One of the largest contracting firms in the Middle East — Osman A. Osman & Co. — has been successful in carrying out those tasks and has seen its turnover increase by US\$ 1 billion on a yearly basis. It has diversified in terms of services and markets and currently has 30 branches in Africa, Asia and Europe.

Experience of Ethiopia

38. Developing countries are confronted with high population growth, rapid urbanization and poor housing and living conditions. These factors have generated a demand for urban development and the creation of infrastructure, which despite the positive multiplier effect on the economy have proceeded at a slow pace and have been unable to meet existing needs. As a result, financially feasible and technically sound housing programmes, interlinked with the provision of infrastructure, have become very important to Ethiopia, and have had to be supported by clearly formulated policies and legal framework regulations giving more power to local governments. In the area of road development, both the maintenance and the upgrading of roads to expand the network are important. Foreign firms' contribution to capacity building in local construction services is positive since they subcontract local

contractors and engage local consultants. Foreign participation in the construction sector is considerable, especially in the implementation of development-oriented projects. Regional governments are focusing on the implementation of programmes related to social services, e.g. building of schools or medical facilities. Large-scale construction projects are beyond the scope of local firms, and limiting foreign companies' market access would delay project implementation. The lack of skilled and experienced professionals, and the knowledge and skills deficiency of staff, are the key factors hampering the performance of local firms in the construction sector. The skills shortage, which is a major problem, can be overcome in the short term only by securing the necessary professional services from abroad. In the longer term, training programmes should be developed and aimed at filling the gap between available and necessary skills.

Experience of Indonesia

39. The rapid development of the construction services industry has continued in Indonesia since 1968, leading, to some extent, to non-conformity with established standards for construction work. To address these weaknesses, the Government has had to introduce a number of required standards and regulations and to adopt a new Construction Law. The need to review the existing procurement system for consulting and contracting became apparent because of its inefficiencies and in preparing for the liberalization of market access in 2002 under the ASEAN Free Trade Area. The local market has been dominated mostly by government projects for development of public infrastructure. International financial agencies have supported the development of infrastructure, which has involved the participation of foreign construction firms in implementation of the projects, thus leaving for local firms small contracts based on low-level technology. As a consequence, the growth of domestic industry capacities has been progressing inadequately. The construction industry was a major employer until 1997, accounting for 10.23 per cent of total workforce employment; however, as a result of the economic crisis, that figure fell to 6.78 per cent in 1999. At the same time, companies operating in the construction services sector were faced with shortages of skilled manpower, a lack of capital and equipment supply for smaller contractors, and inadequate managerial skills. The further growth of the industry had to be supported by the removal of internal domestic constraints, including inefficiency in related services sectors, and excessive government bureaucracy. The growth of the construction services sector in developing countries could create new export opportunities for them, since they could become competitive suppliers of cost-efficient construction services. Developing country firms need a transition period of five to ten years in order to prepare for international competition. Cooperation based on an equal partnership between developed and developing countries may speed up the transition process. However, financial assistance and training of human capacities must be provided by developed countries and by international financial institutions. In order to support the development of developing country firms' capacities, fair competition in the international markets for construction services should be maintained.

Experience of Iraq

40. In the aftermath of war, Iraq was faced with the need for reconstruction of its social and industrial infrastructure. This need for reconstruction extended to power plants, bridges, oil refineries, telecommunications, ports, various other industrial installations and housing. For this purpose, a National Committee involving all ministries was created and a priority list of services and sites for rehabilitation was prepared. Access to resources was limited to locally available ones, including technical support. International companies were important players in the construction services sector in Iraq, as there were only 15 state construction companies, all of which were small or medium-sized and had to rely on subsidies and government financing of projects. These companies became involved in reconstruction projects that were not commensurate with their size and capacities, and consequently there was a need to increase their size, number and efficiency. Private sector contractors were subcontracted for the delivery of specific services. Laws and regulations have also changed to accommodate the changes in the market.

Experience of Japan

41. The construction sector has played an important role in Japan's development and still accounts for nearly 15 per cent of GDP. Experience acquired in building domestic capacities in this sector, particularly after the Second World War, may be usefully applied to addressing the problems of developing the construction services sector in developing countries. Japanese contractors operate in many developing countries and subcontract part of their work to local firms, thus contributing to technology transfer and human resource development. The liberalization of the construction services sector, within the framework of the World Trade Organization (WTO) negotiations, can contribute further to socio-economic development.

Experience of Lesotho

42. The Government of Lesotho, through the Ministry of Works and Transport, aims at formulating and monitoring the implementation of adequate, comprehensive and robust transport and construction sectors and supporting this by maintaining dynamic and effective institutional and legal frameworks. The construction sector contributes significantly to employment in the country, and the maintenance of public buildings accounts for a very large part of the demand for construction services. The development and maintenance of rural roads is undertaken mostly by domestic firms. The Lesotho Highlands Water Project has contributed to the development and use of specialized expertise in the construction of hydropower plants, tunnels and dams, water and sewage plants, roads, bridges, hotels and municipal works. The participation of domestic contractors in the execution of large-scale projects is very limited owing to a lack of qualified personnel to work on these projects, and they are usually carried out by foreign firms. In addition, most qualified personnel move to the neighbouring country — South Africa — because of Lesotho's small economy and limited opportunities. The Government is promoting and encouraging the involvement of women in the construction services sector.

Experience of Mauritius

43. Mauritius represents a small market for construction services driven by the private sector. Consequently, there are a number of subsectors in which local firms do not have expertise or experience, and they therefore need to cooperate with foreign firms. The joint ventures established with foreign partners have been especially beneficial to Mauritius. By cooperating with foreign suppliers, local firms have increased their expertise and are becoming suppliers of construction services abroad. In order to establish partnerships with foreign companies, local companies are strongly encouraged to comply with international standards related to professional qualifications. In addition, Mauritius is trying to comply with existing international standards and support development of new ones in such areas as registration, licensing and certification, procurement policies, liability and copyrights. To ensure that the presence of foreign professionals/firms is actually contributing to the knowledge and technological upgrading of local firms, the precondition for provision of services by foreign architects/engineers is collaboration with local professionals.

Experience of New Zealand

44. The construction sector is an important part of New Zealand's economy, accounting for 6.8 per cent of employment and contributing 3.5–4.0 per cent to GDP. Direct exports of construction services have reached NZ\$ 100 million. New Zealand construction firms have worked offshore since the 1940s. Joint venture and project work continues to be an important component, especially in the Asia-Pacific region, which is the main focus for most of New Zealand's services trade. It is currently estimated that offshore work generates as much as 80 per cent of the turnover of New Zealand's largest construction companies. New Zealand has developed a specialization in the design of earthquake-resistant structures and hydro- and geothermal power stations, and the design and construction of dairy and meat facilities. Apart from two or three fairly large construction firms, most construction services suppliers are small and medium-sized enterprises. In looking at ways to improve access to foreign construction markets in the current round of services negotiations, the cluster approach may be used as a negotiating tool in bilateral market access negotiations. With regard to domestic regulation, meaningful access to markets for construction services requires that measures relating to qualification requirements for companies, as well as procedures, technical standards and licensing requirements, be effectively addressed. Building controls are set out in the New Zealand Building Code, which is a performance-based code that lays down minimum standards for design, construction and health and safety. On the question of recognition of qualifications, it will be necessary to explore further either establishment of international standards for professions or the pursuit of mutual recognition agreements. New Zealand has a mutual recognition agreement with Australia, which facilitates the movement of engineers and other construction personnel across the Tasman Sea.

Experience of Pakistan

45. In the mid-1970s Pakistan was able to export its construction services — both physical construction services and architectural and engineering services. However, the

situation has been deteriorating since then. The requirements in the guidelines of the international financing agencies and most developed countries have eroded the chances of local firms' participation in major development projects related to power-generating facilities and other infrastructure construction. Local firms are eliminated at the pre-qualification stage because they are unable to fulfil the criteria laid down by funding agencies and bilateral donor countries. Since local firms are not given the chance to participate in domestic construction projects, they are missing opportunities to develop and upgrade their technical expertise and, as a result, are increasingly unable to participate in construction projects abroad. The cost of projects executed by foreign services providers can be three to four times more than that of projects carried out by domestic services providers, thus creating a debt burden in Pakistan which is increasingly difficult to discharge. Therefore, the procurement guidelines adopted by the financial institutions and the developed countries have to be amended to ensure that the funds made available to implement construction projects truly benefit the receiving country in terms of human resources development, transfer of technology and poverty alleviation. More specifically, they have to contribute to the development of an efficient local construction sector which could gain from trade liberalization in obtaining a share of the regional and international markets. The establishment of joint ventures with local firms should be recognized as a precondition for foreign firms to operate in local markets, and countries must be free to include this requirement in their national legislation. This is because joint ventures are the best tool for local companies to upgrade their expertise and benefit from trade liberalization in the construction services sector. Local laws, policies and regulations should be complied with by all actors in the construction services field since their aim is promote the development of the local construction services sector. Developing countries have a competitive advantage in the sector because of their relatively cheaper labour and the availability of skilled professionals. Developed countries need to further liberalize the delivery of services through mode 4 of the GATS to enhance the movement of natural persons from developing countries as construction services providers.

Experience of Paraguay

46. The Government is implementing a broad programme of reforms which gives high priority to the reactivation and restructuring of the construction sector in order to overcome the shortage of housing, and to promote the building and maintenance of roads and sewage facilities. In this connection, major efforts are being made by the Government to promote greater participation by the private sector in the privatization process. One of the main problems faced by local firms in the domestic market is securing effective and substantive participation in projects funded by multilateral funding agencies since they have found it difficult to meet the pre-qualification requirements.

Experience of Romania

47. Romania's economic reform and trade liberalization have been dictated by the opening of the economy in the context of European integration. Despite the decline in investment in the construction industry during the period of economic transition and

privatization, the value of the output of the Romanian construction services sector increased between 1987 and 1997, while its contribution to GDP remains relatively low compared with the sector's counterparts in the countries of the European Union. During the last five years, Romania has undergone regulatory adjustment in order to apply internationally compatible regulations regarding the quality of construction work with a view to creating a competitive domestic market where quality criteria are dominant, and to promoting increased trade in construction services. With the introduction of a law on quality in the construction sector, a system of regulations was elaborated to establish a quality system for construction materials and products. Those regulations pertain to technical standards of products and procedures, consultancies dealing with design verification and technical assessment, quality management, research and laboratory tests. An official authorization system has also been implemented, which governs the qualification of firms on the basis of legal, technical and financial criteria, as well as certification of their professional capacity. These new regulations have contributed to the development of the sector, particularly in urban planning and development.

Experience of Samoa

48. Being a small island nation, Samoa faces developmental constraints because of its limited natural resources, small domestic market, limited scope for economies of scale and isolation from international markets. The Samoan market is an open one, and the Government's reform processes are encouraging the private sector to grow by removing the remaining obstacles to development. Samoa is in the process of accession to the WTO. In the construction services sector, reforms include reduction of government involvement in the provision and maintenance of infrastructure, introduction of environmental and social impact regulations, development of sensitive zone management plans and adoption of a rational method for management of infrastructure assets by government agencies. There are few regulations in the construction services sector, which is constrained by the size of the country. Liberalization has brought about competition and efficiency in the construction services sector. Joint ventures are encouraged for transfer of technology to local industries. Because of the small size of the economy, most Samoan firms cannot compete in the international market. The Government needs to improve the terms of procurement policies so as to introduce more transparency in allocating contracts. There is also a need to set up a regulatory and licensing procedure, and to design standards for the construction sector.

Experience of Tunisia

49. The Ministry of Economic Development carried out in 1996 a survey of 50 firms regarding architectural and engineering services. Tunisian firms have indicated a number of problems. First, local firms which work mainly with the public sector do not have sufficient human and technical resources. This jeopardizes the functionality of their projects. In addition, domestic regulations for public procurement are rather complex and rigid and do not always take into account the specificity of all the providers involved. Furthermore, competition is not always fair in the implementation of projects in Tunisia. This is due to a number of factors: the requirements for international financing favour foreign firms; some public providers are subsidized by the Government; and too many operators are present in the

market, some of which are not sufficiently experienced. The presence of a large number of suppliers in a rather small market leads to a race to offer services at the lowest possible price, with consequent problems of quality and security. Another concern is that local engineers and architects are not always adequately trained, and this jeopardizes their ability to export their services. The present procedure for approval of local firms to participate in public bids is in the process of being replaced by the establishment of "cahiers de charges", whereby the capacity and the expertise of each company to carry out specific projects are assessed. Thirty-five per cent of the turnover of Tunisian firms providing architectural and engineering services in the area of public works is generated by services provided from abroad. However, the export promotion agencies are not giving sufficient support to these firms, which have the capacity to export their services. On the other hand, these firms are not very familiar with the export-promotion activities available in the country. Tunisia has largely liberalized its domestic market for construction services. The only conditionalities applying to foreign direct investment (FDI) are that the Chief Executive Officers of companies must be citizens of Tunisia and that foreign capital should not exceed 50 per cent.

Experience of Turkey

50. The construction sector has acted as a push factor in the economy. To maintain the competitiveness and efficient functioning of the sector, emphasis is being placed on the importance of research and development (R&D) and the adoption of new technologies. At the same time, knowledge and experience are necessary inputs which should be supported through the system of education and continuous training. However, the public education system has not been providing formal training to workers. To fill that gap, private companies should establish funds and trusts to offer training in skills for which there is an immediate need. Policy measures should take into account the fact that the construction services sector is a welfare tool, and bureaucratic obstacles faced by contractors should therefore be removed in order to maximize the effective performance of the sector. In elaborating the policy approach, dialogue with the private sector should be maintained. To achieve those goals, six conditions need to be met. First, the construction sector should be treated like other major industries, since construction services providers function like other industrialists, i.e. they establish only a temporary commercial presence limited to the implementation of a project. Second, contractors should be regarded as partners by the Government. Governments often fail to understand the uniqueness of the construction sector. This sometimes becomes an obstacle in itself, especially in government-financed projects, which experience numerous bureaucratic delays. Complex taxation detracts from efficiency, but Governments are unwilling to reform the tax system for fear of losing revenue. Third, budget allocations should be made according to project implementation needs in order to avoid unnecessary delays and a consequent increase in costs. Fourth, payments should follow implementation of construction projects without delay and not be used as an implicit tool for borrowing. Fifth, transparency is needed in the rules and procedures for procurement so as to discourage preferential treatment of selected suppliers. Sixth, a special agency should be created to oversee the construction sector, since the present situation in which several agencies are

involved is not conducive to dealing with the complex problems that arise in the construction services sector.

Experience of the United Republic of Tanzania

51. Because of the capacity constraints of the local construction industry, the market is dominated by foreign service providers. The United Republic of Tanzania is a least developed country (LDC), and the construction services sector is facing capital constraints and lacks financial support from the Government. The problem is becoming more acute owing to the need to adapt to the use of information technology and to meet associated costs. Implementation of construction projects depends heavily on financial support from multilateral funding agencies, which impose pre-qualification conditions that cannot be met by local service providers. Construction services are dominated by small and medium-sized enterprises (SMEs), which are vital for creating employment and growth, and are often the only ones willing and able to undertake small scattered projects, especially in rural areas. However, in terms of market share, foreign service providers are dominant in 14 members of the Southern African Development Community, with a 70 per cent market share. Local companies need to adapt to the challenge of increased competition, which has to take place within the framework of adequate policy measures, including affirmative development targets for SMEs, so that construction firms can take advantage of liberalization and improve their own competitiveness. Business and managerial skills are lacking and investment in human skills and capacities is a primary objective. Awareness regarding WTO issues and dissemination of information to larger constituencies in the developing countries should be enhanced since this is a necessary condition for successfully implementing the present WTO obligations and participating effectively in the on-going negotiations. Regional trade in construction services should be promoted as well as movement of construction resources, firms and personnel. At the same time, the Government's accountability and respect for the rights of the stakeholders in the construction services sector should be strengthened. Liberalization is not possible in LDCs since indigenous human and technological capacities have to be developed first, supported by the gradual removal of protectionist measures and progressive application of international standards. The construction services sector is not an area of export interest for LDCs owing to supply-side constraints, to overcome which support from the international community is imperative.

Experience of Venezuela

52. Venezuela is the second largest energy producer in the Western hemisphere, and also the second largest consumer of services related to energy production, including physical construction services and engineering services. In 1980 there were only 25 engineering companies in Venezuela which had the capacity to develop medium-size projects costing between US\$ 100 and 200 million. By 1992, Venezuela had 200 engineering companies with such a capacity, including 25 with the expertise to manage complex projects. These companies have been increasingly able to provide the local oil company, PEDEVESA, with the kind of construction services which it needs for its activities. At present, 90 per cent of PEDEVESA's requirements in the engineering sector are satisfied by local companies. This

situation is the result of a global strategy put in place by PEDEVESA to support the development of local capacity in all sectors needed by the company for its operations. In the engineering sector, PEDEVESA encouraged the development of capacity and expertise by local firms and promoted partnerships with those foreign firms that were willing to transfer technology, train personnel and share their design and project control systems with local firms. However, to make local engineering firms adequate business partners for PEDEVESA, many problems had to be addressed and solved, such as the inability of Venezuelan companies to deal with large and complex projects, their lack of financial leverage and the serious restrictions in the domestic banking system. Large projects were split into several "easy to handle" packages; joint ventures were implemented where human resources training was a central issue; and high standards were set in the areas of design, cost estimation, planning, construction and inspection. Venezuelan engineering companies that provide services to PEDEVESA have diversified their activities and are at present also active in other industrial sectors, such as hydroelectricity and petrochemicals. However, they are not yet key players in the international market for plant construction.

Experience of Zimbabwe

53. The construction sector is of strategic importance for Zimbabwe's development, since it accounted for 2.3 per cent of GDP in 1997, employs of 78,000 people and plays a role in the development of other sectors of the economy. The Government of Zimbabwe strongly supports competition in the construction services sector, recognizing in particular that competition in the domestic market tends to be a prerequisite for local firms to become stronger and eventually be able to operate overseas. Any foreign investment in the services sector could take a 70 per cent shareholding. In the initial period after independence, the sector received direct support from the State, but since the country started implementing in the 1990s structural adjustment programmes funded by the International Monetary Fund, national construction firms are no longer cushioned against competition and have to struggle to survive. However, the Government introduced in 1993 an affirmative action policy in favour of indigenous firms in relation to non-donor-funded projects in order to reserve a minimum market share for these companies and to promote subcontracting and technology transfer. As far as aid-funded projects are concerned, restrictive donor requirements practically exclude developing countries' firms and individual professionals from playing a meaningful role. Local companies can try to penetrate this market only by means of strategic alliances with developed countries' firms. Developing country exports are frustrated by limitations affecting the movement of natural persons, such as restrictions on visas and temporary residence permits, and the need to adhere to the practices established by national professional associations. Increased transparency in government procurement may improve developing countries' penetration of developed country markets. However, opening up government procurement to international tendering will further affect the local companies' chances of providing construction services. National policy frameworks should focus on creating an enabling environment for the competitiveness of local architectural, engineering and physical construction services providers. Joint ventures with foreign firms should be

encouraged; local firms, however, should play the role of real partners. Tax rebates could be considered for investments made by local firms for upgrading human and technical resources.

B. Presentations by other lead discussants

United Nations Conference on Trade and Development (UNCTAD)

54. There is an asymmetry between developed and developing countries in the construction services sector. Whereas firms from developed countries have since the early 1980s increased their control of the international market with a share currently exceeding 90 per cent, the position of developing countries has been worsening, their share having fallen from more than 15 per cent to less than 5 per cent. As the experience of some developing countries shows, construction firms that succeeded in entering the international market have benefited from experience acquired at home. This underscores the importance of giving indigenous firms increased possibilities to provide construction services. Strengthening domestic capacity is only a first step towards enhancing their participation in world trade. In addition, technology and financing affect the ability of developing countries to access the international market. Efforts should therefore be made to facilitate their access to foreign technology and international financing, including through a more explicit policy on the part of international and regional financial institutions to further promote the participation of engineering services firms in the provision of construction services for projects funded by them in developing countries. It should be emphasized that increasing the participation of developing countries in world trade implies acceptance by all trading partners of the movement of both skilled and unskilled labour across national borders. Without such movement, which is necessary for the delivery of most construction services, particularly physical construction, developing countries would be denied possibilities to fully exploit their low-labour-cost comparative advantage in the international market.

World Trade Organization (WTO)

55. Just over half of the Members of the WTO have made market access and national treatment commitments in the construction services sector, as a result of which it is the sixth most committed sector in the established list of 11 services sectors. Among those that undertook specific commitments, developed countries accounted for 24 schedules and developing countries for 64. A more detailed analysis revealed that WTO Members did not undertake any substantive obligations with regard to providing access for natural persons in construction services. On the other hand, 31 per cent of Members indicated that firms may establish a commercial presence without restrictions. The rest stated that certain conditions may be imposed in relation to firms' commercial presence. With regard to cross-border trade, Members regarded it as a less relevant or even technically impossible way of providing construction services. Architectural and engineering services were committed under the professional services category, which encompasses as separate subsectors architectural services (66 commitments), engineering services (73 commitments), integrated engineering services (45 commitments) and urban planning services (48 commitments). Among those,

developed countries made on average 25 commitments in all the professional services. The main difference as compared with the construction services sector was that commitments indicated the willingness of countries to open their markets to cross-border trade in architectural and engineering services, and half of the Members allowed this trade without restrictions. In the context of the present round of services negotiations, construction services would be affected by the discussions in the Committee on Specific Commitments on the scope of the sector, negotiations on government procurement in the Working Party on GATS rules and the Working Party on Domestic Regulation, and finally negotiations on specific commitments.

Organisation for Economic Co-operation and Development (OECD)

56. The supply of services in one sector depends on the availability, use and efficient functioning of a number of other services. The OECD views such a set of interdependent services as clusters of commercially related sectors. Services sectors have been introduced in the GATS along clear "vertical" lines — for example, health services, business services and transportation services — but there are also "horizontal" links between services sectors. These links are often commercial ones where restrictions on the supply of one service can prevent or curtail supply of another service. The basic idea behind clusters is to try to establish such links, and to establish a list or groups of related services. The obvious problem is that all services sectors are potentially related. If clusters are to have any meaning at all, they need to be kept manageable and focused. A cluster approach could complement, but not replace, request-offer negotiations on services. A cluster approach may not be appropriate for all, or even very many, sectors, and the type of cluster approach may vary according to the sector. There are a number of possible ways in which clusters could be used in negotiations, depending on what participants wanted. Options include a reference tool for domestic authorities when making requests and offers; agreement by WTO Members on the composition of cluster services in one or two areas and its inclusion in their requests and offers on an autonomous, voluntary basis; and the basis for a model schedule of sectors where Members might consider making commitments, but without prejudice to the type of commitments they might make. Nothing in clusters would necessarily override the basic GATS principle that Members choose the sorts of commitments they want to make and the sectors in which they want to make them. The flexibility built into the GATS enables Members to structure and tailor the type of commitments they make to suit their development and economic priorities. Construction services are infrastructure services and are among those that underlie the efficiency of the economy as a whole. As such, they are likely to be commercially relevant to a range of other service sectors, such as tourism and environmental services, and are thus likely to arise in the context of other proposed clusters.

C. Summary of the videoconference with the World Bank and the Inter-American Development Bank

57. The World Bank and the Inter-American Development Bank (IADB) highlighted the substantive changes in priorities in their lending programmes, in particular the new emphasis given to the funding of projects in the social sectors (health, education, environment and

poverty reduction). As a result of those changes, the allocation of funds to large civil works contracts for infrastructure development is decreasing, while the allocation of funds for small projects in the social sectors is increasing rapidly. The World Bank classifies as small contracts those involving less than US\$ 2 million, whereas the IADB considers small contracts to be those involving between US\$ 1 and 5 million, depending on the borrowing country. In recent years only 40 per cent of all World Bank financing has gone to large infrastructural facilities. In the case of the IADB, since the implementation of its new policy in 1994, 50 per cent of all financing has been allocated to social sectors and poverty reduction.

58. As a result of the new direction in lending for small projects, contracts are increasingly allocated through national competitive bidding applying national legislation. As required by institutional regulations, large contracts are allocated through competitive international bidding that must be open to all members of the Bank and follow mandatory procedures. In the case of small contracts, foreign firms cannot be excluded from participation, but because of the size of the contracts they are usually not interested in bidding. Therefore, a space has been opened for local construction and AES firms to receive most of the small contracts. The IADB has awarded 80 per cent of all contracts to local providers, and there is increasing participation by firms from developing countries in the region, especially Brazil, Mexico and Argentina.

59. The World Bank regulations include provisions for promoting local participation. A price preference of 7.5 per cent is granted to firms from the poorest countries (those with a per capita income of under US\$ 650) in the operations of the International Development Agency, and a price preference of up to 50 per cent can be granted to locally produced goods, provided that there is at least 30 per cent of domestic value added. When the shortlist of five or six candidates for the contract is established, at least two of them must be from developing countries. However, data show that less than 1 per cent of all contracts was awarded to local firms under the price preference scheme. The IADB does not have any provisions for granting preference to local AES firms and physical construction providers. Neither the World Bank nor the IADB accepts any national provisions regarding mandatory joint ventures between foreign and domestic companies, or regarding any other performance requirements. However, any voluntary scheme would be compatible with their institutional regulations. The requirements incorporated in the bidding for World Bank-funded projects, including the pre-qualification requirements, curtail the participation of local firms. The World Bank recognized that pre-qualification requirements have occasionally been applied unrealistically and has been working towards correcting this problem. However, those local firms affected should contact it or its local representative immediately and set out their concerns. The IADB has followed a different approach where a pre-qualification criterion was set *ex ante* in the case of all projects.

60. Both the World Bank and the IADB confirmed that establishment of technical specifications and standards is the responsibility of national Governments. However, they provide recommendations and technical assistance when required. The World Bank is currently focusing its efforts on improving national government procurement systems in

order to increase transparency, as well as the quality and capacity of the national institutions involved. With the participation of the private sector, it has so far completed an overall analysis of the 50 national systems. Once the assessment has been finalized, in consultation with the Governments concerned it will establish programmes on how to upgrade national procurement systems and will provide the necessary financing. Its programmes on promoting the legislative reform of government procurement systems may have an impact on developing countries' commitments in the multilateral trading system, and on the negotiations on government procurement in the GATS.

61. Both the World Bank and the IADB recognized that institutional regulations override national legislation on lending activities in some cases and in competitive international bidding. However, the IADB stressed that all the legislation of its members incorporated provisions specifying that in the case of projects financed by the international financial institutions the provisions of those institutions will apply, and that there was therefore no conflict with national legislation. The requirements of the international financial institutions do not allow the pursuance of legitimate national development objectives through government procurement provisions in national legislation. Both Banks considered direct intervention to be a more efficient instrument for achieving national development objectives than preferences or performance requirements in the procurement legislation. Procurement policies should be neutral in terms of promoting development. Projects oriented to local supply capacity development should be established independently, and Governments may propose them for inclusion in annual programmes with the financial institutions.

III. ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

62. In accordance with the decision of the Trade and Development Board at its twenty-fourth session, on 12 May 2000,² the Expert Meeting on National Experiences with Regulation and Liberalization: Examples in the Construction Services Sector and Its Contribution to the Development of Countries was held at the Palais des Nations, Geneva, from 23 to 25 October 2000. The meeting was opened on 23 October 2000 by Mr. John Cuddy, Director, Division on International Trade in Goods and Services, and Commodities.

B. Election of officers

(Agenda item 1)

63. At its opening meeting, the Expert Meeting elected the following officers to serve on its Bureau:

Chairperson: Mr. Werner Corrales Leal (Venezuela)

Vice-Chairperson-cum-Rapporteur: Mr. Nurul Hossain (Bangladesh)

C. Adoption of the agenda

(Agenda item 2)

64. At the same meeting, the Expert Meeting adopted the provisional agenda circulated in document TD/B/COM.1/EM.12/1. Accordingly, the agenda of the Meeting was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. National experiences with regulation and liberalization: examples in the construction services sector and its contribution to the development of developing countries
4. Adoption of the outcome of the Meeting

² See Report of the Trade and Development Board on its twenty-fourth session (TD/B/EX(24)/3), paragraph 46 and annex III.

D. Documentation

65. For its consideration of the substantive agenda item (item 3), the Expert Meeting had before it a note by the UNCTAD secretariat entitled "Regulation and liberalization in the construction services sector and its contribution to the development of developing countries" (TD/B/COM.1/EM.12/2).

E. Adoption of the report

(Agenda item 4)

66. At its closing meeting, on 25 October 2000, the Expert Meeting authorized the Rapporteur to prepare the final report of the Meeting, under the authority of the Chairperson, to include the outcome adopted by the Meeting (see chapter I) and the Chairperson's summary of the informal discussions (see chapter II).

Annex

ATTENDANCE *

1. Experts from the following States members of UNCTAD attended the Meeting:

Angola	Lesotho
Australia	Madagascar
Bangladesh	Mauritius
Cameroon	Mexico
Colombia	Morocco
Costa Rica	Netherlands
Cuba	New Zealand
Czech Republic	Pakistan
Democratic People's Republic of Korea	Paraguay
Djibouti	Peru
Dominican Republic	Philippines
Egypt	Romania
Ethiopia	Samoa
France	Saudi Arabia
Germany	Sierra Leone
Guatemala	Swaziland
Indonesia	Thailand
Iran (Islamic Republic of)	Tunisia
Iraq	Turkey
Italy	United Republic of Tanzania
Japan	Venezuela
	Zimbabwe
2. Palestine attended the Meeting as an observer.
3. The following intergovernmental organizations were represented at the Meeting:

Arab Labour Organization
League of Arab States
Organisation for Economic Co-operation and Development
Organization of African Unity
Organization of the Islamic Conference

* For the list of participants, see TD/B/COM.1/EM.12/INF.1.

4. The following specialized agencies and related organizations were represented at the Meeting:

International Labour Organization
United Nations Industrial Development Organization
World Trade Organization

5. The following non-governmental organization was represented at the Meeting:

General Category

World Federation of the United Nations Association



**United Nations
Conference
on Trade and
Development**

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Fifth session
Geneva, 19 - 23 February 2001

**REPORT OF THE EXPERT MEETING ON SYSTEMS AND NATIONAL
EXPERIENCES FOR THE PROTECTION OF TRADITIONAL
KNOWLEDGE, INNOVATIONS AND PRACTICES**

Held at the Palais des Nations, Geneva
30 October – 1 November 2000

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I. OUTCOME OF THE EXPERT MEETING

1. The Expert Meeting on Systems and National Experiences for Protecting Traditional Knowledge, Innovations and Practices was held in Geneva from 30 October to 1 November 2000. The following is the outcome of the Expert Meeting. In accordance with the decision taken by the Trade and Development Board at its twenty-fourth executive session, the outcome will be circulated by the secretariat to member States with a request for policy comments on the recommendations of experts. The responses of member States will be taken into account in the preparation of secretariat documentation for the fifth session of the Commission on Trade in Good and Services, and Commodities, to be held from 26 February to 2 March 2001.
2. Individual experts put forward views and policy options for Governments to consider in protecting traditional knowledge, innovations and practices (TK). The following text reflects the diversity of the views expressed and summarizes the experts' conclusions and recommendations.

A. The role of traditional knowledge

3. The role of TK in several economic sectors was emphasized by many experts. It was indicated that TK has intrinsic value, which goes beyond its economic value to cultural, linguistic, spiritual, ecological and other spheres. The loss of cultural diversity and biodiversity, particularly the languages spoken and applied uses of biodiversity by local and indigenous communities (LICs), is a contributing factor in the loss of TK. It was emphasized that preserving cultural diversity and local systems of self-management would protect TK. The protection of TK requires an entire spectrum of action, which may include, but is not limited to, the application of intellectual property rights (IPRs), and such action should include support to societies that are the custodians and developers of these knowledge systems.
4. The most important objectives of regulating access to TK are: generating income for LICs, building the capacity of and developing value-added activities in LICs, and respecting and preserving cultural diversity. New technologies increase the economic value of biodiversity, expanding the potential for commercialization of any given sample. On the negative side, they also make it easier to misappropriate TK.
5. TK can help increase efficiency because it is cost-effective and uses appropriate technology, effectiveness because it is locally managed and reaches the poor, and sustainability because it provides for mutual adaptation and learning and empowers local communities.
6. It was suggested that a pluralistic legal approach to the protection of TK, which would accommodate the interests of LICs, should be promoted. There should be an exchange of

national experiences among countries where progress has been made in respecting customary law in national legislation.

7. Action should be taken closer to the communities themselves, and their territory and structure should be taken as a basis for such action, which would require finding more human and inclusive models, with a strong focus on women as the main carriers and preservers of TK and biodiversity and the key to household food security, as well as on children to support the inter-generational transmission of TK.

8. Approaches to the protection and use of TK seem to be different in Latin America, Asia and Africa. This calls for regional capacity-building activities and policy dialogues.

B. Role of traditional knowledge in sectors

Traditional medicine

9. Large parts of the population in developing countries depend on traditional medicine and treatment for survival. In developed countries, there is a rebound of interest in alternative treatment methods, including traditional medicine.

10. Possibilities of interaction between traditional and modern medicine should be carefully studied, and there is a need for more research on the effective use of traditional medicine, in particular with universities, polyclinics and hospitals. Traditional medicine and treatment often offer many unexplored opportunities.

11. The importance of proper protection of traditional medicine was expressed. Traditional medicinal care must be affordable to the poor, and any form of intellectual property protection should not interfere with customary practices in providing traditional medicines and health care. Article 27.3(a) of the TRIPS Agreement permits countries to exclude from patentability diagnostic, therapeutic and surgical methods for the treatment of humans or animals. It was also considered necessary to provide adequate protection for TK to prevent misappropriation and assure equitable sharing of benefits, preferably based on an international system of recognition of TK.

Traditional agriculture

12. Traditional agriculture plays an important role in food security, resource management, and environmental and bio-diversity preservation.

13. TK communities need to ensure that their innovations systems are supported and rewarded and that they are not locked out of the research agenda by major companies and countries. Agricultural extension services and the direction of R&D in developing countries should take account of TK, and other social and economic policies should support and enable

TK, innovations and practices to flourish as a necessary requirement for other aspects of protection, using either existing IPRs or *sui generis* systems, to be meaningful.

Handicraft and folklore

14. The importance of traditional handicraft and folklore lies not only in their economic and aesthetic functions, but also in the fact that they often use materials from renewable resources and are more friendly to the environment.

15. Experts underlined the need to raise awareness among the creators of traditional folk culture of their rights in the area of intellectual property; support archiving of traditional folk culture and folklore collections and databases; encourage efforts to protect such collections and databases against misappropriation; and encourage educational institutions to introduce classes in traditional folk culture.

C. Systems for the protection of traditional knowledge

16. Customary law, IPRs, common law concepts, legal agreements or contractual arrangements and *sui generis* systems are important to trade in TK goods and TK-led development. The first step is to define the issue clearly in order to establish to what extent the use or adaptation of existing regulatory regimes or legal instruments will meet needs. The work undertaken by WIPO and the Intergovernmental Committee established earlier this year should contribute to this process. Customary law systems should be strengthened and recognized.

17. It would seem preferable to have a system of protection of TK that is consistent with other forms of IPRs. IPR-related measures can protect biodiversity and related TK. But in some cases, IPRs may not be effective in protecting TK. Several proposals were made to link IPRs and TK, e.g. through certificates of origin or disclosure clauses in patent applications and, as in the Andean Decision 406, by linking the approval of TK-based patents to the presentation of a contract for licensing.

18. Information was also provided and views expressed to the effect that IPRs are a broad and dynamic concept that is not limited to the known and existing categories of IPRs. As in the past, the system can evolve to meet new needs, including several of those expressed by TK holders.

19. "Bridging" the collective rights applicable to TK with the IPR regime in devising a system for access to and sharing of the benefits of genetic or bio-chemical resources is a formidable task and, at the same time, the most promising avenue. There is a need to explore an international framework for collective rights within the universe of IPRs, possibly including in WIPO, WTO and CBD. In this connection, it is important to bear in mind that indigenous peoples exist in a "universe" which differs from that of IPRs.

20. TK holders and others expressed the view that the current IPR system is inappropriate for the recognition and protection of TK systems because of the inherent conflict between these two systems. According to this view, the patenting of life forms should be banned because it attacks the values and the livelihoods of LICs. All forms of bio-piracy should be eliminated, and WIPO and other relevant organizations should work towards this objective.

21. The protection of biodiversity depends on the protection of TK that goes with it. A number of countries have gained interesting experience with legislative, IPR and non-IPR measures, e.g. the Andean Community, Costa Rica, Brazil, India, Nigeria, Panama, Thailand and the Philippines. There are practical problems for the effective application and implementation of legal frameworks for TK protection. Some countries have IPR-related regulation that requires disclosure of the source of information.

22. TK holders expressed concern that one type of IPR system, e.g. patents, is being universalized and prioritized to the exclusion of all others, including their counterpart customary systems. Concern was also expressed that the patent system can also lead to misappropriation of TK.

23. There are also policy measures and non-legal instruments that can offer some degree of protection. These might include codes of conduct for researchers and commercial entities or grassroots initiatives such as community-controlled databases.

24. The rights of TK holders may be acknowledged in different terms: up-front payments, royalties, fees for material services, involvement of local researchers and communities in R&D, milestone payments etc. The associated procedures may also be quite diverse, e.g. certificates of origin, trademarks, copyrights, geographical indicators, contracts, permits, know-how licenses, material transfer agreements (for *ex situ* collection), and public register confidentiality. A possible role for the Global Bio-Collecting Society in monitoring access to TK could be explored.

D. *Sui generis* systems for the protection of TK

25. Several elements constituting a *sui generis* system for the protection of TK were discussed and a number of common elements emerged from the discussion, which are included in the recommendations for action at the national level (paragraph 34). A view was expressed that the protection of TK should influence national policies in areas such as agriculture, forestry and investment. Many countries have made advances on *sui generis* legislation for protecting TK. These systems should be developed in close consultation with TK holders and should include prior informed consent by the LICs as an intrinsic element of their legislative frameworks. Several model laws have also been developed, including those of the Organization of African Unity and the Third World Network.

26. National *sui generis* systems by themselves would not be adequate to protect TK. Exclusion from patentability of TK-based products in one country, for instance, would not

prevent other countries from granting patents. A need was therefore expressed for an international mechanism for protecting TK. In this context, minimum standards for an international *sui generis* system for protecting TK could be devised.

E. Harnessing TK for development and trade

27. The top-down approach prevailing in development policies has been dominated by the idea of national Governments and intergovernmental organizations providing LICs with what they lacked, e.g. funding, training and employment. TK is one area where there is a need to cultivate a bottom-up approach to development, building upon the resources and strengths of LICs, their experiences and creativity.

28. There is a need to explore the potential of information and communication technologies for the transmission of TK, e.g. through virtual markets, community multi-media centers and culturally specific education activities. The key role of development partners is to empower communities to use global *and* local knowledge. However, empowerment alone is not sufficient. Capacity building should support it. Experts identified a number of areas on which capacity-building efforts should focus: institutional consolidation of LICs; promoting intercultural exchange of experience; facilitating policy dialogue; awareness-raising on the importance of TK and cultural impact assessment; documentation of traditional knowledge; converting TK into economically viable products and services; and commercializing TK-based products and services.

29. Whereas commercialization of TK-based products and services provides a powerful incentive to communities to retain the TK base, extreme care needs to be taken to ensure that the resource base of LICs is not over-exploited or permanently destroyed. Making the commercialization of TK sustainable takes a number of measures at several levels: (*in situ*) conservation; generating awareness about the importance of sustainable resource use; monitoring resource use; changing policy for TK collection with the consent and participation of local communities; training in sustainable harvesting; and assisting in simple first and second degree processing of TK-based products to add value. The current IPR regime does not create a level legal field for LICs. It is all the more important to assess the risks of over-exploitation and consequent loss of TK associated with commercialization.

30. TK holders pointed out that too much emphasis is put on the commercialization of TK, rather than on its conservation and further development. It is necessary to protect the underlying values of TK.

31. Targeting local communities as beneficiaries may trigger conflicts between those of them that have overlapping resource bases or TK. The idea of a community knowledge fund as a recipient of benefits derived from commercialization of TK-based products deserves special attention. However, overheads associated with such funds should be kept to a minimum.

32. The share of benefits accruing to LICs from the commercial use of TK should be proportionate to the volume of trade in TK-based products and services.

F. Recommendations at the national level

33. There is a continued need for raising awareness of the role and value of TK among LICs, policy makers and other stakeholders. LICs, particularly women, should be fully involved in the development of policies aimed at protecting TK.

34. Apart from using suitable modern IPR instruments for appropriate cases, a national *sui generis* system for the protection of TK may be useful. Such a *sui generis* system could include the following common elements: collectively held TK rights; registers of knowledge; clear systems of access to such rights and benefit-sharing; clarification of land resource rights as part of the holding of TK rights; wide participation and consultation; and creation of effective incentives for research. In addition, TK protection needs to be reflected in other national policy areas, such as agriculture, forestry, investment and finance.

35. There is a need to carry out training and consultation programmes among LICs, especially on the application of customary law.

36. National representatives should try to have the meeting's outcome translated into national or local languages and distributed to LICs.

G. Recommendations at the multilateral level

37. A number of institutions are carrying out work programmes on TK. There should be continued coordination and cooperation between the intergovernmental organizations concerned. An impartial working group could be created to coordinate these efforts. In addition to other fora, TK protection should also be discussed in the WTO.

38. The regional diversity reflected in the debate call for a regional approach to exploring possibilities for the protection of TK and the commercialization of TK-based products.

39. Indigenous groups at the Meeting called for the establishment of an Indigenous Peoples Working Group for Protecting TK of the LICs. It was also noted that there should be no duplication with existing work and processes in other international fora, including CBD and the Economic and Social Council.

40. National *sui generis* systems by themselves will not be sufficient to protect TK adequately. There is therefore a need to explore an international mechanism that might explore minimum standards of an international *sui generis* system for TK protection. Any international discussions should take due account of practical experiences gained in TK-related issues at the national and regional level. LICs should be involved in building an

international framework for collective rights. Capacity-building targeting women as primary TK holders is an essential component of such activities.

H. Recommendations to UNCTAD

41. UNCTAD, within its mandate as expressed in the Bangkok Plan of Action (TD/386), subject to available resources, and in cooperation and avoiding overlap with other relevant international and regional organizations, should:

- Organize workshops and seminars at the regional and national levels and encourage the involvement of indigenous and local communities;
- Contribute to the ongoing processes in WIPO, WTO, CBD, UNCCD and other organizations;
- Promote the design and implementation of comprehensive national strategies to harness TK for development and trade;
- Strengthen capacity-building programmes on TK, including within the framework of the BIOTRADE Initiative, the UNEP-UNCTAD Capacity Building Task Force (CBTF) on Trade, Environment and Development and ongoing and planned UNDP/UNCTAD projects;
- Further develop the training module on Traditional Knowledge, Trade and Development;
- Assist interested developing countries in exploring *sui generis* systems for the protection of TK, including possible multilateral aspects of such systems;
- Review practical difficulties in developing and implementing effective legal frameworks for the protection of TK;
- Assist in the formation of databases on TK at national and international levels to disseminate information and ensure consistency among different organizations;
- Publish, including on the Internet, the papers submitted to this workshop and circulate the monograph among its member countries and NGOs representing LICs.

II. ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

42. At the consultations of the President of the Trade and Development Board with the Bureau, coordinators and interested delegations on 31 March 2000, member States decided to convene an Expert Meeting on Systems and National Experiences for Protecting Traditional Knowledge, Innovations and Practices. The decision was made in accordance with the UNCTAD X Plan of Action (TD/386).

B. Election of officers (Agenda item 1)

43. At its opening meeting, the Expert Meeting elected the following officers to serve on its Bureau:

Chairperson: Mr. Ronald Saborio Soto (Costa Rica)

Vice-Chairperson-cum-Rapporteur: Mr. Sivaramen Palayathan (Mauritius)

C. Adoption of the agenda (Agenda item 2)

44. At the same meeting, the Expert Meeting adopted the provisional agenda circulated in TD/B/COM.1/EM.13/1. Accordingly, the agenda of the Meeting was as follows:

1. Election of officers
2. Adoption of the agenda and organizational work
3. Systems and national experiences for protecting traditional knowledge, innovations and practices
4. Adoption of the outcome of the Meeting

D. Documentation

45. For its consideration of the substantive agenda item (items 3), the Expert Meeting had before it a background note by the UNCTAD secretariat entitled "Systems and national experiences for protecting traditional knowledge, innovations and practices " (TD/B/COM.1/EM.13/2).

E. Adoption of the outcome of the Meeting
(Agenda item 4)

46. At its closing meeting, on 1 November 2000, the Expert Meeting approved the outcome of the Meeting reproduced in section I above.

Annex

ATTENDANCE *

1. The following States members of UNCTAD were represented at the Meeting:

Albania	Iraq
Argentina	Italy
Australia	Japan
Austria	Kazakhstan
Bangladesh	Kenya
Benin	Latvia
Bolivia	Madagascar
Brazil	Malaysia
Bulgaria	Mauritius
Burkina Faso	Mexico
Burundi	Morocco
Canada	Netherlands
China	New Zealand
Colombia	Nicaragua
Comoros	Niger
Costa Rica	Nigeria
Côte d'Ivoire	Norway
Cuba	Pakistan
Czech Republic	Palau
Denmark	Panama
Dominican Republic	Paraguay
Egypt	Peru
El Salvador	Philippines
Ethiopia	Romania
Finland	Rwanda
France	Sierra Leone
Gambia	Solomon Islands
Georgia	Spain
Germany	Sri Lanka
Guinea	Sudan
Haiti	Sweden
Holy See	Switzerland
India	Thailand

* For the list of participants, see TD/B/COM.1/EM.13/INF.1.

Togo
Trinidad and Tobago
Tunisia
Turkey
Uganda
United Kingdom of Great Britain
and Northern Ireland

United Republic of Tanzania
United States of America
Venezuela
Viet Nam
Yemen
Zimbabwe

2. The following intergovernmental organizations were represented at the Meeting:

Andean Community
Commonwealth Secretariat
European Community
International Union for the Protection of New Varieties of Plants¹
Organization of African Unity
Organization of the Islamic Conference
South Centre

3. The following specialized agencies and related organization were represented at the Meeting:

International Labour Organization
Food and Agriculture Organization of the United Nations
United Nations Educational, Scientific and Cultural Organization
World Health Organization
World Bank
World Intellectual Property Organization
United Nations Industrial Development Organization
World Trade Organization

4. The United Nations Environment Programme, the United Nations Convention to Combat Desertification and the Office of the High Commissioner for Human Rights were represented at this Meeting. The International Trade Centre UNCTAD/WTO was also represented at this Meeting.

5. The following non-governmental organizations were represented at the session:

General Category

Action Aid
Engineers of the World
European Chemical Industry Council

¹ Non-status.

International Centre for Trade and Sustainable Development
International Chamber of Commerce
International Peace Research Association
World Association of Small and Medium Enterprises
World Federation of United Nations Associations
World Vision International
World Wide Fund for Nature International

Special Category

International Union for Conservation of Nature and Natural Resources

Non Status

Coordinadora de las Organizaciones Indigenas de la Cuenca Amazónica
Genetic Resources Action International
Ilkerin Loita Maasai
Indigenous Peoples Biodiversity Network
International Indian Treaty Council
Women's World Summit Foundation

6. The following institutions attended the Meeting:

The Aboriginal and Torres Straits Islander Commission
Amazonian Parliament, Venezuela
Centre de Documentation de Recherche et d'Information des Peuples Autochtones,
Switzerland
Foundation for International Environment Law and Development, United Kingdom
International Environmental Law Research Centre, Geneva
International Working Group on Indigenous Affairs
Kew Royal Botanical Gardens, United Kingdom
Natural History Museum, London
Rockefeller Foundation, United States of America
University of Basel
University of Chicago
University of Lausanne
University of Oxford
University of Paris

7. The following special invitees attended the Meeting:

Mr. Jorge Cabrera Madaglia
Mr. Graham Dutfield
Mr. Le Quy An

Mr. Le Quy An

Mr. Suman Sahai

Mr. Maui Solomon

Mr. Henri Philippe Sambuc, Advocat, Switzerland

Ms. Gehl Sampath, University of Hamburg

Mr. Geoffrey Tansey

Mr. Martin Shenton, University of Zürich